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VOLUME THIRTY-FIFTH,

OR,

VOLUME FIFTEENTH OF THE THIRD SERIES.

FROM JULY, 1880, TO JUNE, 1881, INCLUSIVE.

NEW YORK:

PUBLISHED MONTHLY BY BENJAMIN HOMANS. No. 251 BROADWAY.

1880-1881.

GENERAL INDEX
TO THE
THIRTY-FIFTH VOLUME (OR FIFTEENTH VOLUME, THIRD SERIES)
OF THE
BANKER'S MAGAZINE AND STATISTICAL REGISTER,
FROM
JULY, 1880, TO JUNE, 1881, BOTH INCLUSIVE.

Complete copies of the present volume can be supplied by the publisher. Price, numbers, \$5; or, substantially bound, \$6.50. Single numbers, fifty cents each.

Bound volumes will be given in exchange for the numbers, at the office, No. 251 Broadway, New York, at the charge of \$1.50 for binding.

Subscribers who have not heretofore bound their numbers are earnestly recommended to do so. The value of the Magazine is greatly enhanced when thus reserved for future reference.

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THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

JULY, 1880.

No. 1.

SINKING FUNDS.

Some years ago the Baltimore and Ohio Railroad borrowed \$5,000,000 of the city of Baltimore. The loan is at six per cent., and has still about ten years to run. One of its conditions was, that the railroad should invest annually in a sinking fund, to consist of city bonds only, and to be large enough to provide for the whole debt at maturity. The road offers to pay it off entirely to-day, and if that cannot be accepted, then to be relieved in some way from the necessity of buying city bonds which now cost a premium of about sixteen per cent.

The case illustrates the inextricable difficulty in which the United States would be involved, if its debts, falling redeemable in 1881, are funded on fifty years as Mr. Wood proposed, or thirty years as the President and Secretary of the Treasury proposed, or twenty years as the House Committee on Ways and Means proposed, or even on the one-half of twenty years. The sinking-fund law would remain, absolutely requiring an investment of \$40,000,000 this year, and increasing year by year. Furthermore, the surplus of revenue exceeds the sinking fund, to which, by the way, heavy arrears are still due. As the investments of the fund can only and ought only to be made in government bonds, it would be necessary to purchase them in the market, and the very fact of these purchases would inflate the price, as the Baltimore and Ohio road is now finding to its cost in its own particular case.

The true policy in this matter is entirely plain. To the

extent that the nation is obliged to cancel its bonds to meet the requirements of the sinking fund, and to whatever further extent it may be able to cancel its bonds, in order to escape the burden and weakness of debt, it must be kept within reach by the issue of short obligations, and by the amplest reservations of optional rights of payment. It was on that view that Secretary Chase devised the special forms of debt known as the five-twenties and ten-forties. The governing principle to which he adhered, with all the tenacity and force which characterized him, was to keep the government debt always within reach of being paid off at will whenever means to pay might possibly arise. If that was a sound principle to adhere to in the midst of the most devouring and costly war which the world has ever known, it is still more fitting to be adhered to now, when we are at peace and surrounded with all the elements of prosperity and abounding revenue.

In respect to those persons who, in one and the same breath, advocate the continued maintenance of the National sinking fund, and the refunding, on twenty, thirty, or fifty years, of that portion of the debt redeemable in 1881 (no other part of it being redeemable until 1891), the temptation is very strong to say that it is difficult to reconcile the idea of their intelligence with the idea that they are acting in good faith, although it may be somewhat discourteous to deny their possession of either quality. To be really in favor of a steady annual reduction of the public debt, which is one of the prescribed and fundamental conditions upon which it was created, and at the same time to place deliberately an obstacle in the way of its reduction, which will be practically insurmountable, is, at any rate, a very inconsistent line of conduct. It is, to be sure, theoretically possible that the country would maintain the sinking fund at the cost of the enormous premiums which the compulsory annual purchase of large amounts of bonds, not yet due, would certainly entail. But it requires no special wisdom to perceive that it would be politically impossible, and that to refund the debt falling due in 1881, is to postpone its payment indefinitely. Those who really and intelligently desire that the bonds becoming redeemable in 1881, shall be paid off by 1891, if the prosperous condition of the country shall so long continue, will resist all schemes of refunding, and insist that these bonds shall be provided for by short obligations, or by obligations in which the amplest options of payment shall be reserved, to the end that the government may pay its debts without submitting to the penalty of odious and burdensome premiums.

NEW YORK TAXATION OF BANKERS.

The legislature of New York, just before its adjournment, passed and sent to the Governor for his approval, a bill in respect to the taxation of banks and moneyed capital.

Under this bill all foreign corporations which receive deposits through agencies in the State, or make loans, or sell exchanges or letters of credit, "or are in any manner engaged in business as bankers," are to be subject to a State tax of one-half per cent. "on the average of all sums used or employed" here. Certainly, such corporations ought to be in some measure and to some extent taxed, and we believe that in the end the public judgment will settle down to the conviction that the true measure of taxation was laid down in another bill on the same subject, which was not fortunate enough to receive the Governor's signature. That rule was, that foreigners should be subject on the same things to the same taxation as is imposed upon residents.

The third section of the present bill regulates the taxation of shares in all trust and banking companies, whether chartered by the State or by the United States, and conforms to the decision made during the last term of the Supreme Court of the United States, in respect to the taxation of shares in the National banks. The design of this section is to place shares in the State banks and trust companies upon the same footing as shares in the New York National banks are placed by the decision referred to. It provides that the owners of shares in all these classes of corporations, "shall be allowed all the deductions and exemptions allowed by law in assessing the value of all other taxable property owned by individual citizens of this State, and the assessment or taxation shall not be at a greater rate than is made or assessed upon other moneyed capital in the hands of individual citizens of this State." The "deduction" here specially intended to be secured to the owners of shares in banks and trust companies, is the deduction of so much as they may themselves individually owe. Such a deduction is allowed in New York, and certainly in many other States, perhaps in all of them, to the owners of moneyed capital in other forms.

Under this third section the owners of shares in banking and trust companies, whether they reside in other States or not, and no matter in what part of this State they may reside, are to be taxed in the town or city in which the banking or trust company is located. The tax is to be a lien on the shares, and no dividends are to be paid to the owner until he has discharged the tax. It will be for him to claim any deductions which the law allows, and to show

his right to such deduction in the manner and within the time prescribed in respect to deductions claimed as to other forms of moneyed capital.

The suggestion is made in some quarters that this third section is an unnecessary piece of legislation, inasmuch as the decision of the Supreme Court of the United States gives to the holders of National bank shares the right to deduct their individual debts from the assessed value of such shares. If the section only related to National bank shares it might be superfluous, but in fact it relates also to shares in State banking and trust companies, to which the Supreme Court decision does not apply.

Since writing the above, we learn that the Governor signed the bill on the 26th of June.

In the meantime the leading banks of this city had agreed to test in the courts the legality of the methods practised here in taxing National bank shares, and it is not probable that the new law will change their action in the premises. Some of their grounds are stated by their counsel as follows: "The Tax Commissioners have continued to assess National bank shares for taxation, but profess to be willing to allow a deduction for debts. Their authority to make this allowance under the act is questionable, and their ability to make it in practice, in cases where the holders of these shares are residents of a different town or ward from that in which the bank is situated, is still more doubtful. The difficulty is increased still more in the case of non-residents of the State, who may have debts which never come to the knowledge of the Tax Commissioners, and who were not liable to taxation at all under pre-existing laws."

"Although these questions arose first with regard to a National bank, by a statute passed last winter, the shareholders of State banks were placed on the same footing as shareholders of National banks in respect to taxation.

"Applications were recently made to the Tax Commissioners to have the names of the shareholders of many of the banks of this city, both State and National, stricken from the tax record. These applications not having been acceded to, it is proposed by the banks, acting through their shareholders, to apply to the Supreme Court for a writ of *certiorari*, to review and correct the decision of the Tax Commissioners in this respect."

ASPECTS OF TRADE

During the month of April the merchandise imports of the United States were \$74,388,890. The merchandise exports (including \$886,898 of foreign goods re-exported) were \$70,538,242, which leaves an unfavorable balance, the first for a long time, of \$3,850,648. This balance is, however, small on the face of it, and is more apparent than real, inasmuch as during April the imported goods warehoused in New York amounted to \$14,338,713, while the quantity withdrawn from the warehouses was only \$6,112,693, thus making a warehouse accumulation of \$8,226,020, some unknown proportion of which is still the property of foreign merchants. The people of this country have not purchased, and much less consumed, these warehoused goods. They are on hand. Some of them will be re-exported for better markets, and the remainder, as they are sold here from time to time, will diminish, by so much, future importations.

Compared with April, 1879, the merchandise imports show a gain of \$32,252,789, and the merchandise exports show a gain of \$16,196,380. Half of this relative gain in imports is accounted for by the warehouse accumulation.

For the year ending April 30, 1880, the merchandise exports (including \$11,143,027 of foreign goods re-exported) were \$795,272,645, and the merchandise imports were \$616,846,929, leaving a favorable balance of \$178,425,716.

The excess of the imports over exports of gold and silver (coin and bullion) was \$725,643 for the month of April, and \$73,951,944 for the year ending April 30, 1880.

Of the entire foreign trade in merchandise, gold and silver, for the year ending April 30, 1880, the balance in favor of the United States was \$104,473,772. How much of this was absorbed in paying interest on American securities held abroad, and in meeting the expenses of Americans traveling abroad, is a matter about which various opinions are held, but there was probably something left towards the liquidation of our foreign debts. That the balance of the flow of American securities has been outward, we do not for a moment believe.

The returns from all the ports have not been received, but at the Port of New York for the month of May, the merchandise imports were \$43,190,530, and the merchandise exports \$35,310,003. These figures render it quite certain that when returns are received from all the ports, they will show a balance of trade for the month in favor of this country.

Of the \$43,190,530 imported at New York, \$14,278,907 were warehoused, while only \$5,325,501 were withdrawn from warehouses.

It will thus be seen that a considerable part of the increased imports in May, as well as in April, which have

been made the basis of charges of reckless extravagance against the American people, are the result of the mistakes of American and foreign merchants in landing goods here which the people do not want, and will not at present purchase.

The increase of goods warehoused in New York during April and May together, was \$17,179,425.

As reported by the Bureau of Statistics, the exports from the United States were in May, \$19,749,450 of breadstuffs, and \$11,818,208 of provisions and tallow, as compared with \$17,158,464 of breadstuffs and \$8,000,711 of provisions and tallow, in May, 1879.

As respects the month just ended, the movement of foreign trade at the port of New York, exhibits a magnitude of merchandise exports which will surprise those persons who felt sure that an export of gold would commence before June was out. The merchandise exports have been on an enormous scale. For the week ending June 15, they were nearly eleven million dollars, and were \$800,000 greater than in any previous week in the history of the port. As a result, exchange on London has fallen, and for the time being, an export of gold is not apprehended. Of course, it must come at last, and probably before long, as it is not possible that the greatest gold-producing country would continue to retain the whole yield of its mines for a great while, and such a thing is as little desirable as it is possible.

The general range of the prices of commodities continues to fall. The fall which has attracted the most attention is that in iron, and, according to some authorities, sales have been made at the lowest prices that were reached during the long depression which commenced in 1873.

A city paper, the *Indicator*, of June 16, said: "Every department is glutted with over-supply, and in some to the extent of utter stagnation, as in the iron trade, for example. Bessemer pig iron has fallen to the lowest price on record, after having been at the highest within the past six months. As stated in our dispatches recently, one firm has purchased 2,000 tons of this iron at the furnace for \$19 per ton."

Some journals speak less dependingly, but there is no buoyancy of feeling in any trade quarter.

The commercial condition in England and elsewhere in Europe is even more depressed than it is here.

The London *Economist*, of June 5, said: "The improvement of trade, of which so much has been said, has not been so important as to produce dear money; and the present impression is that this improvement will be succeeded by renewed stagnation."

On the 8th of June, the London *Times* said:

The British trade returns for the month of May show that the business has sunk almost to last year's level, showing the recent revival to have been in a great measure speculative. So far the United States have stood almost alone as large buyers of English

goods, which explains the keenness and short duration of the recent speculative wave. There are hopes that the colonies will increase their purchases.

During the year 1879, the total American production of rails was 1,113,273 tons, of which 693,113 tons were steel, and 420,160 tons were iron. The largest previous American production was in 1872, when one million tons were turned out, of which only 94,070 tons were steel.

In a report recently made, Mr. Swank, the Secretary of the American Iron and Steel Association, says: "We regard the claim that 1,500,000 gross tons of rails will be required by the new and old railroads of the country in 1880, and that American works cannot meet this requirement, as unwarranted by past experience and existing probabilities. It is true that in 1872 we required about 1,366,830 gross tons (1,530,850 net tons), but since the close of that year we have laid over 2,000,000 gross tons of steel rails, the superior wearing qualities of which must be considered in estimating the probable quantity of rails to be required this year for renewals of existing tracks, while the mileage of new roads to be finished in 1880, is not likely to greatly exceed the average of the three years 1870, 1871, and 1872, which was 6,466 miles. Hence it is not probable that we will require as many rails in 1880 as in 1872, and those that are required can all be made by American works."

But whether required or not, a good many foreign iron and steel rails have actually been imported since January 1, 1880, and to that extent the demand upon American rail-mills will be reduced.

As our readers are aware, we have not been able to join in the lamentations of the press over the large importations of this country during the fiscal year which ended on the 30th of June. The magnitude of these importations was a necessary result of the magnitude of our exports, and of the further fact that we had in the last half of 1879 so completely exhausted Europe of any gold possible to be spared, that we had only the single alternative of giving our exports away, or of taking our pay for them in commodities.

Passing from that general view of the subject, to an inquiry into the particular character of the commodities, the importation of which is complained of, we shall find little or nothing to justify the wholesale assertions that this country has rushed all at once into a course of riotous living, and has been wasting its substance upon gewgaws and luxuries. The statements furnished by the Bureau of Statistics do not wear that complexion to any degree which is at all alarming.

For the nine months ending March 31, 1880, our merchandise imports amounted to \$468,213,622, as compared with \$329,375,177 for the nine months ending March 31, 1879. The tables published by the Bureau of Statistics show the

principal articles, of which there was an increased import, as follows :

	1879-80.	1878-9.
<i>Free of duty.</i>		
Chemicals, drugs, dyes	\$4,831,658	\$2,988,067
Coffee	46,742,047	35,742,038
Cutch and terra-jap	899,178	414,866
Dyewoods, in sticks	1,419,728	1,002,441
Fur skins, undressed	1,895,071	1,135,959
Gums	1,685,119	1,162,100
Hides and skins	21,727,201	12,299,079
India rubber and gutta percha	7,436,560	4,387,071
Indigo	1,572,280	802,906
Paper material	3,957,376	2,217,137
Raw silk	9,825,296	6,207,997
Tea	18,439,774	11,987,071
Tin, bar, block, pig	4,293,033	1,388,654
Wood	1,882,287	1,126,464
<i>Dutiable.</i>		
Chemicals, drugs, dyes, etc.	\$4,315,287	\$3,100,622
Copper	674,854	15,803
Cotton manufactures	22,022,589	15,690,636
Earthen and china ware	3,992,876	3,035,986
Fancy goods	4,499,963	3,336,493
Flax, raw	1,003,570	791,766
Flax manufactures	18,046,864	11,504,659
Fruits and nuts	9,674,287	7,789,783
Furs and dressed skins	2,512,709	1,968,289
Glass and glassware	3,351,323	2,373,797
Raw hemp	2,000,634	1,020,556
Iron and steel and manufactures of	28,569,909	7,036,648
Jute, raw	3,267,340	2,566,963
Leather	6,101,789	2,812,555
Kid and leather gloves	2,993,392	2,682,977
Opium	1,748,105	1,355,655
Paintings, chromos, and statuary	1,475,694	899,828
Precious stones	5,154,198	2,995,888
Seeds	1,753,824	1,174,970
Silk manufactures	25,108,136	19,449,522
Soda, carbonate, sal, ash	3,130,033	2,273,040
Spices	1,873,803	1,302,300
Manufactures of straw and palm	3,148,782	1,716,802
Tin, in plates	12,626,423	6,931,055
Tobacco, leaf	3,682,182	2,885,719
Wines and spirits	5,450,101	4,163,502
Wool	15,703,175	2,812,124
Manufactures of wool and worsted	26,479,702	21,347,449

In the above list there are nineteen raw materials for manufactures, the increased importation of which is evidence, not of waste or extravagance, but of improved industrial conditions in this country. The money valuation of these articles is \$93,300,000 for the nine months ending March 31, 1880, as compared with \$50,100,000 for the nine months ending March 31, 1879. Among these increases are \$9,400,000 in hides and skins; \$3,000,000 in India rubber and gutta percha; \$3,600,000 in raw silk; and \$12,900,000 in wool.

The largest item of increase in the whole list is that of \$21,533,261 in the imports of iron and steel, raw and manufactured. That was due in some degree to an increase of prices, which is also true of many other items in the list. But it was principally due to a legitimate demand for iron

and steel, for railroads and other purposes, rising so suddenly, and to such a height, that it was impossible for the domestic producers to meet it at once. But their inability was only temporary, and they have now demonstrated their power to command the home markets by the abundance and cheapness of their supplies.

Since the foregoing was written we have received the official returns for the month of May, which are as follows:

For the month of May the merchandise exports were \$65,533,880, and the merchandise imports, \$64,826,870. Excess of exports, \$707,018. The gold and silver (bullion and coin) movement for the month was, exports, \$1,705,531, and imports, \$1,122,237. Excess of exports, \$583,294.

THE PUBLIC FINANCES.

The reduction in the net debt of the United States during the month of May was \$15,928,034, which makes a net reduction since June 30, 1879, of \$74,820,536.

The purchases of bonds during May were \$12,000,000, being \$7,959,400 of the sixes, and \$4,040,600 of the fives.

The purchases of bonds were less than the surplus revenue by \$3,098,070 in the month of April, and less by \$3,928,034 in the month of May. Since June 30, 1879, the bond purchases have been \$61,271,100 or less by \$13,549,436 than the amount of the surplus revenue during the same time. Possibly, a few hundred thousand dollars of this surplus may have been applied to the redemption of the fractional notes, and to some of the items of the old debt.

At the end of May there remained outstanding: six-per-cent. bonds, \$242,001,900; five-per-cent. bonds, \$488,848,700. At the end of June, 1879, there were outstanding: six-per-cent. bonds, \$233,681,350; five-per-cent. bonds, \$508,440,350.

The annual saving of interest by these reductions is \$3,480,349.

The total bonded debt at the end of May (not including the Navy Pension Fund) was \$1,721,698,400. This is within less than \$400,000,000 of the highest point which the bonded debt ever reached. The reductions of revenue during the latter part of Gen. Grant's first term were carried to such an unwise length, that for several years the sinking fund was substantially inoperative. Even now, the arrears due to that fund are very considerable.

During May there were coined 2,267,000 silver dollars and 3,410,000 cents. The gold coinage was \$980,000 in double eagles, \$1,912,300 in eagles and \$1,535,543 in half eagles.

On the 23d of April the reserves of the National banks (including the National gold banks) consisted of:

United States notes..	\$61,059,175	..	Silver.....	\$5,912,463
Gold	80,517,468	..		

Of the gold, \$7,380,000 was in United States gold certificates, and \$33,538,000 was in Clearing-House gold certificates. Of the silver, \$495,860 was in United States silver certificates.

On the 23d of April, the National banks (including the National gold banks) held \$29,504,600 of United States bonds, in addition to \$361,274,650 left in the Treasury Department to secure circulation, and \$14,727,000 so left to secure deposits.

At the end of May, the outstanding sixes of 1880 had been reduced by purchases to \$16,033,000.

In the purchase of bonds on Wednesday, May 26, the lowest offer of the sixes of 1881, was at the rate of 107.03, and the lowest offer of the fives of 1881, was at the rate of 103.32½. If the sixes remain outstanding till they are due July 1, 1881, the required payment on them of interest and principal will be at the rate 109, so that on the above offer, the Government receives only 1.97 per cent. for paying thirteen months and six days in advance. If the fives remain outstanding till they are due May 1, 1881, the required payment on them of interest and principal will be at the rate of 105, so that on the above offer the Government receives only 1.67½ per cent. for paying eleven months and six days in advance.

The Secretary of the Treasury, on receipt of these offers, wrote as follows to the Assistant Treasurer in New York :

I am not satisfied with the prices that the department has been compelled to pay for the bonds recently purchased, and am disposed to extend the call for bids to the 4s and 4½s, which, at market rates, will pay the Government a better interest. I have no fear but that Congress will provide means for the payment of the bonds as they mature, and am quite sure the hope of the holders of the bonds, that they will run longer than maturity, is unfounded. You will, therefore, please give notice that next Wednesday and every Wednesday thereafter, until further notice, the department will receive bids for the four and four-and-a-half-per-cent. bonds of the United States, as well as for those of the description heretofore purchased.

On the next day (May 27) sales at the New York Stock Exchange were made of the sixes of 1881 at from 106.50 to 106.75, and of the fives of 1881 at from 102.87½ to 103. There was some recovery from these prices, but still the Secretary was able on Wednesday, June 2, to buy the sixes of 1881 at from 106.75 to 106.85, and the fives of 1881 at from 103.12 to 103.16, which are somewhat better rates than he obtained on the preceding Wednesday. It is not doubtful that the extravagance of the prices asked for the 6s and 5s, will be held in check by the exercise, threatened and actual, of his power to buy the 4s and 4½s.

The metallic funds in the United States Treasury compare as follows at the dates named :

	<i>June 1.</i>	<i>May 1.</i>
Gold coin and bullion (less outstanding certificates).....	\$ 120,699,196	\$ 130,726,640
Silver dollars (less outstanding certificates).....	36,726,651	33,796,307
Silver bullion.....	4,853,587	5,007,331
Subsidiary silver.....	23,577,091	22,767,672
	<u>\$ 185,856,525</u>	<u>\$ 192,297,950</u>

The amount of gold coin and bullion (less outstanding certificates), was \$ 113,779,999 on the 2d of January, 1879, so that there has been an increase of \$ 6,919,197 in that item since the resumption of coin payments. On the same 2d day of January, 1879, the Treasury held \$ 16,704,829 in silver dollars and \$ 13,860,195 in silver bullion and subsidiary silver. Since resumption there has thus been an increase of \$ 34,592,305 in the silver held and owned by the Treasury. A part of this increase has been caused by an in-flow of subsidiary silver coins, not available in disbursements, but under the circumstances it would seem to have been the duty of the Secretary of the Treasury to have purchased and cancelled bonds to the full extent of the surplus of revenues. An increase of the holding of full-tender coins beyond the amount existing at the date of resumption, is clearly not demanded by any considerations of safety, inasmuch as confidence in the permanency of resumption has been steadily growing with the lapse of time.

For the ten months ending April 30, the internal revenue was greater by \$ 11,603,471 than during the ten months ending April 30, 1879. Among the increases were the following:

	<i>Excise on</i>
Spirits.....	\$ 7,388,846
Tobacco.....	1,823,967
Beer.....	1,612,790
	<u>\$ 10,825,603</u>

For the single month of April, the internal revenue was greater by \$ 2,860,384, than for April, 1879.

In the United States House of Representatives, May 24, Mr. Chittenden, of Brooklyn, (N. Y.) said that "the funding bill, reported by the Committee on Ways and Means, was of no immediate importance to anybody except Wall Street speculators." He said further on the general subject of the National debt:

Week by week the Treasury of the United States demonstrates afresh its power to extinguish rapidly, by honest methods, the war debt. We paid fourteen millions in March, twelve millions in April, and it looks like fifteen millions for May. Can one man be found who pays his own debts by honest methods, who will object to this policy? Moreover, we not only triumph in our debt-paying power, but we are the only great nation on earth loaded with a war debt that possesses either the means or will to pay the same. There are five or six foreign nations whose respective debts each exceed our own, but not one of them have means at command to pay more than their annual interest regularly. Great Britain, whose debt is more than twice as large as ours to-day, occasionally pays a few thousand pounds sterling of the principal.

The United States are an example, therefore, to the whole world—a people possessing ample means, coupled with a fixed purpose to extinguish their war debt. I believe it would be no hardship but a wholesome economic check to our exuberant and hurried spirit of development if we were forced to pay at least \$50,000,000 every year until the last dollar of the National debt is paid.

The following statement is a complete summary of the appropriations made by Congress, in the thirteen regular annual appropriation bills and the various deficiency bills, which became laws during the session ended June 16th, together with approximate total of the amounts otherwise appropriated.

Pension bill.....	\$ 32,404,000
Pension deficiency.....	9,322,099
Post-Office appropriation.....	39,093,420
Post-Office deficiency.....	1,250,000
Military Academy.....	316,234
Fortifications.....	502,000
Consular and Diplomatic.....	1,184,135
Navy.....	14,405,797
Army.....	26,425,800
Indian.....	4,050,314
Indian Deficiency.....	135,000
Legislative, Executive and Judicial.....	16,274,223
Sundry Civil.....	22,623,821
River and Harbor.....	8,029,500
District of Columbia.....	1,714,498
Agricultural.....	253,300
Regular Deficiency bill.....	4,577,002
Printing Deficiency.....	350,000
House and Senate contingent fund deficiency.....	39,012
Miscellaneous (estimate).....	2,400,000
Total.....	\$ 186,805,058

The "miscellaneous" estimate includes \$1,095,000 appropriated for the construction of public buildings at Baltimore, Cleveland, Toledo, and other cities not provided for in the Sundry Civil bill: \$200,000 for new military posts; about \$400,000 for war claims of loyal citizens in the Border and Southern States; \$100,000 to carry into effect the French treaty; \$120,000 for the Yorktown monument and Centennial celebration; \$75,000 to provide a site for the naval observatory, and about \$100,000 for additional clerks to settle pension claims.

Last year's appropriations (including \$2,431,438 appropriated by miscellaneous bills and \$26,000,000 specially appropriated for arrearages of pensions) aggregated \$192,860,237.17.

The Department estimates, upon which the appropriations made this year were based, aggregated in round numbers, \$193,000,000. The actual appropriations were \$6,194,942 short of the estimates, but are still very large, and especially in view of the fact that they do not include the permanent appropriations, of which that for interest on the public debt, during the fiscal year now entered upon, can hardly be less than \$76,000,000. To that is to be added the permanent appropriation for the sinking fund, which for this

year is \$40,000,000. In presence of such demands, it would have been most manifestly unwise to have reduced revenues, until we see more clearly how much present revenues will fall off, if Europe ceases to be a great market for our bread-stuffs.

THE PRECIOUS METALS.

The shipments of bullion from the Leadville mines have been about \$250,000 per week for several months past, and there does not seem to be any strong expectation that this out-turn will be much increased during 1880. The production during June was considerably interfered with by the labor strikes.

No bonanza has yet been reached on the Comstock Lode, but, notwithstanding this, the search for bonanzas is pushed with unabated vigor.

In San Francisco, all mines not on the Comstock are known as "outside" mines, the general prospects of which are not spoken of in very encouraging terms. The *Alla California* of June 6th, says:

"The outside districts, while furnishing all the mines paying dividends, do not increase their number, through the fact of their inability, and not through any disposition to conceal ore-bodies. There is no class of our investors more sorely disappointed than those who purchased shares in those mines, under the very flattering inducements which their drifts and levels held out several months ago. The failure has discouraged many and made them lose faith in the permanency or richness of our outside mines."

Besides the hydraulic mines, there is certainly one district, the Bodie, which is paying very well.

The total bullion shipments from that district from the period of its revival in 1877 to the present time are as follows:

1877.....	\$ 797,022 80
1878.....	2,129,732 58
1879.....	2,556,847 58
First five months in 1880.....	1,147,035 51
Total products to date.....	\$6,630,638 47

The gold production in Australia, as given in the last annual report of the Director of the U. S. Mint, was as follows during the years named:

1853 ..	\$ 50,600,000	....	1876 ..	\$ 28,000,000
1856 ..	61,000,000	....	1877 ..	24,000,000
1861 ..	53,000,000	....	1878 ..	23,000,000
1870 ..	40,000,000			

For 1879 the Director estimates the Australian production at \$23,000,000, being the same as in 1878.

The aggregate decline since 1861 has been very great, and would have been much greater but for the vigorous working after that date of the New Zealand gold fields, of which the maximum yield of \$14,000,000 was attained in 1866. In 1878 the New Zealand production had fallen to \$6,000,000.

During the month of April the British silver exports were to India, £300,193, and to China (including Hong Kong), £294,409, as compared with £774,400 and £43,430, in April, 1879.

During the first four months of this year (including April) the British silver exports were to India, £1,957,796, and to China (including Hong Kong), £450,901, as compared with £2,131,578 and £188,239 during the first four months of 1879. In the aggregate, the British silver export to the East was greater by £88,880 during the first four months of 1880, than during the first four months of 1879. But this is less than the falling off in the silver exports from San Francisco to the East, on a comparison of the same periods.

During the month of April the British gold imports were, £407,370 and the British gold exports were £621,070.

During the first four months of this year (including April) the British gold imports were £1,592,000, and the British gold exports were £2,505,421.

Among the dispatches from Washington we note the following:

Mr. Bingham, United States Minister at Tokio, Japan, has supplied the Department of State with a copy of volume 2 of the *Memoirs of the Science Department, University of Tokio, Japan*, which treats of mines and mining in Japan. Among other things it is noted that foreigners are not permitted to acquire any pecuniary interest in the working of a mine, and that no owner of a mine is allowed to mortgage his mining lease or its prospective produce to a foreigner. The total export of gold from the empire from 1872 to 1878 is estimated at \$36,716,581, an excess over the import of \$33,790,648, and the total export of silver during the same period is given at \$26,172,327, an excess over the import of the same article of \$9,692,798.

In the 2d volume of the *Report of the United States Monetary Commission* (page seven of the preface), it is shown that the British direct gold imports from Japan from 1874 to 1878, both inclusive, "must have been more, rather than less, than \$30,000,000."

During May, the imports of gold into Great Britain were £584,918, and the exports, £439,530. The imports of silver were £610,899, and the exports, £915,411. The *London Economist*, of June 12, says:

"We have, since the beginning of the year, exported £1,000,000 more silver than we have received. India and China have absorbed almost the entire total."

During May the British silver exports to India were

£434,962, the imports being £8,477. In May, 1879, the exports were £526,350, and the imports, £1,438.

During May the British silver exports to China (including Hong Kong) were £307,220, the imports being £10,271. In May, 1879, the exports were £125,190, and the imports, £35,416.

To India and China together, the net British silver export was therefore greater in May by £108,548 than it was in May, 1879.

PENALTIES FOR USURY BY BANKS AND BANKERS.

The bill passed by the New York Legislature during its recent session, to amend the laws relative to banking, was signed by the Governor, on the 17th of June. We append to this article the full text of the bill.

As will be seen, it leaves in full force the prohibition against exacting interest beyond the rate of six per cent. per annum, but it materially changes the penalty for the offence, when it is committed by the banks organized under the State law and by private bankers. Instead of a forfeiture of the whole of any debt tainted with usury, the prescribed penalty, to them, is now only a loss of the interest on the debt.

An ambiguity has been detected in that part of the bill which relates to "private or individual bankers." Are they only the persons who are organized as bankers under the Act of April 18, 1838, or are they any persons who may be doing what is commonly understood as a banking business? If the latter construction is adopted, the scope of the new law is much enlarged, and nobody can exactly foresee how much it is enlarged.

That the new bill is confined to such private bankers as are organized under the Act of April 18, 1838, may be argued with some force from the fact that the bill purports in its title to be amendatory of the Act referred to. But on the other hand, the first section of the bill particularly defines the banking associations intended to be legislated about, as the associations "organized and doing business" under the Act of 1838, but when it goes on to mention "private or individual bankers," it does not add the words "organized and doing business" under the Act of 1838.

The safest conclusion upon the bill is, that there will be an uncertainty about its meaning, until it is authoritatively declared by the courts.

We subjoin the text of the bill :

"SECTION 1.—Section 1, of Chapter 163, of the Laws of 1870, to amend an Act passed April 18, 1838, to amend Acts relative to the banking business, is hereby amended, so as to read as follows :

"SECTION 1.—Every banking association organized and doing business under

and by virtue of this Act and the various supplementary Acts amendatory thereof, and every private or individual banker or bankers doing business in this State, are hereby authorized to take, receive, reserve and charge, on every loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at the rate of six per cent. per annum, and such interest may be taken in advance, reckoning the days for which the note, bill, or other evidence of debt, has to run. The knowingly taking, receiving, reserving, or charging a rate of interest greater than aforesaid, shall be held and adjudged 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 in case a greater rate of interest has been paid, the person or persons paying the same, or their legal representatives, may recover back twice the amount of the interest thus paid from the association receiving the same, provided that such action is commenced within two years from the time said excess of interest is taken. But the purchase, discount, or sale of a *bona fide* bill of exchange, note, or other evidence of debt, payable at another place than the place of such purchase, discount, or sale, at not more than the current rate of exchange for sight drafts, or a reasonable charge for collecting the same in addition to the interest, shall not be considered as taking or receiving a greater rate of interest than six per centum per annum.'

"SEC. 2.—Section 2 of said Chapter is hereby amended to read as follows'

"SEC. 2.—It is hereby declared that the true intent and meaning of this Act is to place and continue the banking associations organized and doing business as aforesaid on an equality, in the particulars in this Act referred to, with the National banks organized under the Act of Congress entitled 'An Act to provide a National currency,' approved June 4, 1864, and all Acts and parts of Acts inconsistent with the provisions thereof, are hereby repealed.'

"SEC. 3.—This Act shall take effect immediately."

COMPULSORY SAVINGS.

Several English writers have been advocating, recently, a plan of compelling workmen to make provision for sickness and old age, by a deduction of some portion of their wages, to be kept and accumulated for them by the Government. This scheme is pressed upon the general grounds that the scale of British wages is more than sufficient to meet the actual wants of the laboring classes; that they are, as a class, in Great Britain, habitually intemperate, extravagant and unthrifty; and that unless they are forced by law to save something during their period of health and vigor, the poor rates will tend to become so great as to absorb the income of all forms of property.

In France there is no poor law, and although the Government makes some grants for the relief of private distress in seasons of special calamity, those who for any reason are unable to support themselves, have, as a rule, no other resource than individual charity. In France, therefore, the scheme of compulsory savings cannot be commended to the rich as a means of relieving them from poor rates. In France also, sobriety, frugality, and thrift are to such an extent National characteristics, that they stand in much less need of being re-inforced by legal coercion.

Nevertheless, a plan has recently been proposed in the French Chamber of Deputies, which adds to the English idea of compelling workmen to set aside part of their present earnings for their future support, the feature of compelling employers and the Government to contribute together as much to that object as the workmen themselves. That is to say, while five per cent. of wages are to be taken for that purpose, employers must add a sum equal to two and a half per cent. of the wages, and the Government must add another two and a half per cent.

The Paris correspondent of the London *Economist*, writing under date of May 7, gives the following account of the proposed measure, and of the manner in which it was received in the Chamber of Deputies :

A project of a bill presented to the Chamber some time back by M. Nadaud, to create a pension fund for workmen, was under discussion in the Chamber this week. M. Nadaud was himself originally a working mason, and may be taken as representing the *ouvrier* interest more than any man in the Assembly, but he has evidently not taken sufficient account of the practical difficulties of his scheme. According to his project a fund would be created by a compulsory deduction of five per cent. from the wages of all workmen; the master would, in addition, be compelled to pay to the fund two and a half per cent. of the amount of the wages, and the State would add a further two and a half per cent. These appropriations M. Nadaud supposes, would be sufficient to give a pension of 400 francs a year to all workmen from the age of fifty-five. In reality, the bill as presented, merely proposed the nomination of a committee of eleven members to be charged to present a bill for the creation of a pension fund, but it was preceded by a long introduction or preamble in which an outline of the project was given. The bill was signed by twenty-five other members, and in the discussion that has just taken place, M. Marcel Barthe pointed out the inconsistency of the movers of the bill evading the responsibility of drawing it up, and wishing to charge with the task eleven other Deputies probably, less qualified than themselves. Among the objections to which the scheme was open, were the hardship of withholding five per cent. of the earnings of workmen; the unfair position in which masters would be placed in competing with foreign manufacturers by imposing on them a tax of two and a half per cent. on the amount paid for labor; the difficulty of keeping an account of the earnings of working men, and agricultural laborers in particular, from their nomadic habits; the restriction on the personal liberty of the working classes, who would be precluded from carrying their labor abroad, under pain of forfeiting their rights to the pension, to the fund for which they had contributed; and the injustice of taxing peasant and other small proprietors, shopkeepers and others to pension a class scarcely in an inferior position to themselves. Those reasons did not, however, prevent the bill to appoint a committee being voted by a majority of 400 to 3 only. A number of Deputies opposed to the measure simply abstained from voting. That course, and the large majority in favor of the bill, must be attributed to motives of prudence in view of future elections, the vote of the working classes being a matter of importance.

METALLIC MONEY AND PRICES.

In an address on the question of the appreciation of metallic money, delivered December 16, 1879, before the London Statistical Society, Mr. R. H. Patterson, author of several well-known economical treatises, said :

In more than one part of the *Wealth of Nations* Adam Smith refers to the prevalent opinion in his time, that the value of the precious metals was still falling; whereas, he explicitly states as his own opinion, or rather as a fact demonstrated by the state of prices, that for three-quarters of a century previous, viz., from the closing years of the seventeenth century down to the time when he wrote, there had been a slight, but distinctly perceptible, rise in the value of money. The popular opinion thus referred to was perfectly natural. Money had fallen immensely in value during the century and a half subsequent to the discovery of America with its mines of the precious metals; and as the produce of the mines in the eighteenth century was very much larger than it had ever been before, it was only natural to believe that the fall in the value of the precious metals was still in progress. Ordinary observers overlooked the fact, pointed out by Adam Smith, that the requirements for money had contemporaneously increased vastly; indeed to such an extent that the increased produce of the mines was inadequate to fully meet the increased requirements for it.

An analogous or parallel state of public opinion has prevailed in connection with the peerlessly rich new mines of America and Australia. In 1873—which is our starting point in this inquiry—prices were very high, and people were still believing in, or expecting, a continuous fall in the value of money. Although the gold mines had declined from their maximum production, little attention was given to that circumstance; moreover, the annual yield of gold was still more than double what it was in 1848. This was the state of matters in 1873.

There is abundant evidence that the views upon this subject, described by Mr. Patterson as the prevailing ones in England in 1873, were commonly entertained at the same time on the Continent of Europe. The existing tendency of metallic money was believed to be towards depreciation, and the utmost effect generally apprehended from a disuse of one of the metals, was an arrest of this depreciation and a preservation of the former status of prices. The Dutch Monetary Commission, in their report of 1873, recommending a gold standard, expressed that view in the following language :

In consequence of the very great production of gold, it is not probable, even if gold is more employed as money than heretofore, that we shall see the fall in the value of the precious metals, which we have witnessed for twenty-five years, followed as to gold by any permanent rise.

This opinion, although that of the large majority of persons, was not, however, the opinion of everybody. Mr. New-

march steadily maintained through the columns of the London *Economist*, from 1864 forward, that from the declining production of gold and the increasing wants of trade, there was an imminent danger of a constriction of metallic money, and similar views were pertinaciously presented during the same time in France by an influential school of economists, of whom the late M. Wolowski was the most conspicuous.

Proceeding, in his address, to describe the state of opinion in England at the later date of 1876, Mr. Patterson says :

Soon after 1873, a great fall began in the value of silver compared with gold; and as no one then thought that gold was becoming scarce and rising in value, the change in the value of silver appeared to be a veritable depreciation of that metal—a fall not merely relatively to gold, but also to labor and commodities in general. The House of Commons, when appointing the Select Committee of 1876, adopted the prevalent opinion; and the committee in their report proceeded upon the same view of the matter, although some of the evidence then adduced pointed to a different conclusion. On the other hand, the Commission, simultaneously appointed by the Congress of the United States, reported in the clearest and most confident terms that there had been no fall in the value of silver, except as compared with gold, and that the value of gold had risen; in their own words, “since 1873, the purchasing power of gold has risen in all countries, and the purchasing power of silver has fallen in none.” The report of the American Commission failed to attract attention in this country; moreover, as the United States are interested in upholding the value of silver, for the sake of the splendid Nevada mines, the opinion of the American Commission was open to the suspicion that “the wish was father to the thought.”

Recently, however, it has become acknowledged in this country that the view taken by the American Commission is not altogether baseless, and that the “depreciation” of silver may really be due, to some extent at least, to a rise in the value of gold.

Mr. Patterson then proceeds to give British prices from various accepted authorities on such subjects, and arrives, as respects Great Britain, at the following conclusion :

Taking these facts as they stand, and putting them together, they go to show that the common idea, and the one universally held in this country in 1876—namely, that there has been an absolute depreciation of silver—is wrong. The *fall* in the value of silver compared to gold is eleven per cent. *less than the rise in the value of gold compared with general commodities*. In other words, the purchasing power of silver, or its value in general commodities, has not fallen at all. On the contrary it has risen in this country (judging from the *Economist's* table of prices) eleven per cent.; while gold has risen fully thirteen per cent. *more*, or, in all, twenty-four-and-a-half per cent. at the beginning of the present year. Such is the present value of the two metals in this country, where gold is the standard money, and more or less in other countries of the Western World.

In respect to India, Mr. Patterson arrives at the conclusion that silver has risen in value there, and that prices, which in that country are expressed in silver, are lower than formerly. He says :

The general opinion or knowledge of merchants connected with the Indian trade certainly seems to be that, on the whole, prices have fallen in India since 1873, about which time the change began in the relative value of the two precious metals.

Whether money has or has not risen in value, at any given time and place, is a matter of fact about which there can never be any honest and intelligent dispute. The value of money is its purchasing power, and the test of that can easily be made in the open market, and is constantly being made by everybody as either a buyer, or seller, or both. But as Mr. Patterson observes, the cause of the fall or rise in the value of money, is a different thing from the fact itself of such a fall or rise. His view is, that a rise in the value of money, or in other words, a low range of general prices, may sometimes arise from "a transient condition of trade," and does not necessarily imply a diminution of the proportion between the volume of money and other things. But in respect to the years of falling markets and depressed business, covered by his address, he thinks that they ought to be principally ascribed to the contraction of money, resulting from demonetizations of silver which he condemns as unwise.

This address was delivered December 16, 1879, and was doubtless prepared earlier than that. If he had prepared it subsequently, so as to have brought down his examination of prices a few months later, he would have encountered a condition of things materially different. In the latter part of 1879, and the early part of 1880, there was a very decisive upward movement of prices, which tended to show that the previous fall was in some considerable measure the result of a "transient condition of trade," rather than mainly the result of the contraction of money, caused by silver demonetizations. If this upward movement had made further progress, or even if the elevation of prices actually attained had only proved permanent, the natural inference would have been that no great disasters had resulted from the partial disuse of one of the money metals. At present the movement of prices has been again decisively reversed and is now downwards. At what range they may ultimately settle remains to be seen.

THE DAIRY INDUSTRY.—The *American Dairyman* says that 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.

THE CONTRAST OF AMERICAN AND EUROPEAN FINANCE.

The London *Spectator*, in a notice of the weekly reductions of the American National debt, exclaims: "How Mr. Gladstone must sigh over American finance!" The *Spectator* appreciates very keenly the immense disadvantage which Europe will be under in contrast with the United States, when our National debt is entirely paid off, which event it looks for within twenty years. This disadvantage the London *Economist* computed some time ago as a subtraction from the profits of European capital equal to that of an "income tax of three shillings in the pound." The *Spectator* sees, as other reflecting European observers see, that a disadvantage like that, or at all approximating that, will force the migration of capitalists, large and small, from the other side of the Atlantic to this, and is induced by the magnitude of the danger to say: "We do not believe it to be settled that this country would not bear very strong measures indeed for the reduction of its debt."

No measures, "strong" or otherwise, in that direction, can be looked for under the administration of such a man as Mr. Gladstone, and in view of the peculiar constitution of the party which has succeeded in elevating him to power. Mr. Gladstone has been already tried and found wanting. When prices rose and money fell temporarily in value, as a result of the flood of gold from California and Australia, he was at the head of British affairs. Instead of availing himself of that opportunity, which may never return, of reducing the National debt, he chose the meretricious policy of reducing taxes. The case has now reached a point calling for measures altogether too "strong" to be looked for at his hands. The British National debt, if nominally no greater than it was twenty years ago, is really more burdensome from the enhancement of the value of money within that time. It is too late for the politicians of Great Britain, and for most other European countries, to avert the consequences of their financial follies. "After us, the deluge," marks the spirit in which they have in recent years piled National debts mountains high. The deluge is now close upon them, and there is no avenue of escape from it.

A correspondent of a city journal, the *Times*, writing from Liverpool May 15, says:

There may not be an enormous exodus of English or Scottish farmers this year, but enough will go to indicate the depth and extent to which the agriculturists are stirred. The movement may be slower than some have expected it to be, but it will be wider

and more constant than others have anticipated. Moreover, it will embrace classes who have not the farmers' reasons for anxiety. From widely separated quarters—from Manchester and Glasgow, from Sheffield and Dundee, from Essex and Aberdeen, and from nearly all parts of Wales—evidences come of change on the part of men having more or less realized property, who recognize the coming supremacy of the United States and want to participate in their prosperity. Two instances are in my eye at this moment, one at Manchester, the other at Glasgow, in each of which the owner of £10,000 is arranging for a trip with the view of settling in the Western States. Other instances there are, where men high in official position—officers in the British Army, relatives of Cabinet Ministers, and so on—are determined to send out their sons to carve their fortunes in the trans-Mississippi country. All the efforts of the Canadian Government to turn the stream in the direction of its unpeopled territory, do not perceptibly affect the current of thought in the circles contemplating emigration.

Capital is even more easily moved from one country to another than human beings are, and if the finances of America are managed as they ought to be, the migration hither of European wealth on an immense scale is an inevitable event. The voyage across the Atlantic is a short and easy one for men running away from "an income tax of three shillings in the pound."

REALITIES AND EXPECTATIONS. GOLD AND SILVER.

At the New York Chamber of Commerce anniversary dinner of May 11, Mr. Secretary Sherman, referring to gold and silver, said that "it is now established that the mineral resources of our country are greater than the wildest imaginings of a few years ago." The real truth, we apprehend, is quite the reverse of this. The present actual yield of gold and silver in this country, instead of being "greater than the wildest imaginings of a few years ago," falls most distinctly short of the expectations which have been entertained from time to time by large numbers of very sober-minded people.

We have had two great epochs of mineral discovery and expectation; the gold epoch commencing in 1848 and the silver epoch commencing thirteen years later.

Gold was first discovered in extraordinary quantities in California, but very shortly afterwards in Australia, and the combined effect of the two events was to produce an apprehension throughout the world, and quite as decidedly in this country as elsewhere, that an overwhelming depreciation of that metal was among the approaching probabilities.

Soon after the discovery of gold in Australia, one of the ablest modern English writers, De Quincy, collated all the accessible accounts from California and Australia, and

deduced the conclusion that the annual gold yield of both regions would soon reach seventy millions sterling, or \$350,000,000. Upon all the evidence within reach, he expressed his astonishment that intelligent persons could still retain any confidence that gold could long retain its value and character as a precious metal.

Somewhat later Chevalier (*Fall of Gold, 1856-7*) said: "The quantity of gold annually thrown on the general market approaches, in round numbers, a milliard of francs [\$200,000,000]."

"Those two countries (California and Australia) must, for yet a long series of years, produce gold in such quantities, and on such conditions, as to render a marked decline in its value inevitable.

"In no direction can a new outlet be seen sufficiently large to absorb the extraordinary production of gold which we are now witnessing."

In respect to the expectations as to the silver yield in the United States, resulting from the Pacific-slope discoveries of that metal about twenty years ago, the United States Monetary Commission say in their report (1877):

In 1861 the Washoe region or Comstock lode began to attract attention. In 1863 three thousand silver-mining companies had been organized in San Francisco, with a nominal capital of \$1,000,000,000, and with thirty thousand stockholders. European interest was so much excited that the French Emperor sent a special commission to examine these mines.

If Mr. Sherman can see anything in the present and prospective silver yield of the United States, which goes beyond the "imaginings" of 1863, with its 3,000 silver companies with a nominal capital of 1,000 million dollars in a single city, he sees what others will be quite unable to see.

Four years afterwards, on the 24th of May, 1867, Mr. Samuel B. Ruggles, of New York City, being the delegate from the United States to the International Monetary Conference then sitting in Paris, addressed a letter to the Conference in which he said:

Long before 1900, the annual production of gold and silver in the United States, which is now about 100,000,000 dollars, may reach 300,000,000 or 400,000,000. Without attempting to calculate this gigantic monetary future, etc., etc.

When we consider that the aggregate annual yield of gold and silver in the United States has not yet reached \$100,000,000, it is plain that it has not yet attained the height, we will not say of the "wildest imaginings" of 1867, but of the carefully formed and deliberately expressed opinions of a person selected by an American Secretary of State, the late Wm. H. Seward, to represent the intelligence then possessed by the American Government upon this subject.

What makes it the more extraordinary that Mr. Sherman should have forgotten the ideas formerly prevailing as to the

probable production of American mines, is the fact that he was in Paris at the same time with Mr. Ruggles, and in close consultation with him as to the matters under consideration in the Conference then sitting there.

That Mr. Ruggles did not go much beyond, if at all, the current notions of the time, could be shown by an abundance of testimony, but it will be sufficient to refer to an official report made in 1868 by Ross Browne, who had been deputed by the Government to examine the American mineral regions. In this report, extensively circulated under the title of *Resources of the Pacific Slope*, Mr. Browne said:

They [the precious metals] are now increasing more rapidly than is the present demand for them, and *at the present rate of increase*, they would soon have to fall perceptibly; but *the production will become much greater than it is.*

Of the wild "imaginings" of the still later period of the discovery of what has been known as "the great bonanza" of the Comstock lode, the following authentic account is taken from the report of the United States Monetary Commission made in 1877:

In 1873, a new body of paying ore was discovered in one of the mines of the Comstock lode in Nevada. Similar bodies of nearly equal extent had been previously discovered and exhausted in the the Spanish-American silver lodes and in the Comstock lode, without attracting universal attention, or arousing universal fear that the commerce of the world was about to be deluged by a flood of silver, but in the present instance, through persistent and infectious exaggerations in respect to the extent and richness of the new ore-body, the most visionary expectations and unwarranted fears became universally epidemic. The estimates of the value of the ore in sight ranged from \$300,000,000 to five times that amount, all of which was generally believed to be in silver. The probable out-turn of this new bonanza is a leading topic in the report of the British Silver Commission (1876), which contains, among other evidence on the subject, a quotation from a German newspaper, the *Reichsanzeiger*, of March 14, 1876, which states that "the great and celebrated silver mines produce fabulous amounts of silver, the production of the present year being valued at five hundred million francs."

Looking back at these "imaginings" which have been indulged in at various times during the past thirty years, it is altogether plain that the present prosperity of American mining, instead of being in excess of expectations, is so enormously short of them, that the effect must necessarily be to produce more sober views as to the future. Such is well known to be the effect which has been in fact produced. Men no longer hope to see gold and silver flowing like water from artesian wells, or oil from petroleum wells. They realize that old mines are being exhausted, while new ones are being discovered; that it requires persistent effort to maintain the existing scale of production; and that it will be fortunate, indeed, if the supply of the metals can be enlarged so as to keep pace with the constantly augmenting demand for them.

BRITISH CURRENCY SYSTEM.

Acts of Parliament, passed in 1844 and 1845, prescribe what is called the "fixed issue" of notes by the various banks in the United Kingdom, meaning by that, the amount of notes which they may circulate on the credit of their general resources, and independently of any reserve of gold. Beyond this "fixed issue," they may circulate any additional notes for which they keep in reserve an equal amount of gold. Such additional notes are, consequently, if the law requiring a metallic reserve is actually complied with, merely gold certificates, and do not in any degree increase the volume of the currency.

In point of fact, the private and joint-stock banks of England and Wales, and the Irish banks, do not circulate notes up to the maximum of their "fixed issue." But the Bank of England and the Scotch banks exceed it. The following table shows the "fixed issue," and the actual circulation, at the latest dates, of these several classes of banks :

	<i>Fixed issues.</i>	<i>Actual circulation.</i>
Bank of England.....	£ 15,000,000	.. £ 27,114,410
English and Welsh private banks....	3,573,502	.. 1,730,857
" " joint-stock banks.....	2,464,861	.. 1,705,718
Scotch joint-stock banks.....	2,676,350	.. 4,993,026
Irish " " ".....	6,354,494	.. 5,700,959
Total.....	£ 30,069,207	.. £ 41,244,970

The circulation of the Bank of England is stated above at the figure at which it stood April 21. It is arrived at by deducting from the amount of the notes delivered from the issue department, the amount on hand in the banking department.

The Bank of England, and the private and joint-stock banks of England and Wales, are prohibited from issuing notes below the denomination of £ 5. That prohibition does not extend to the Irish and Scotch banks, and more than half of their aggregate circulation is in smaller notes :

	<i>Notes of £ 5 and upwards.</i>	<i>Notes below £ 5.</i>
Irish banks.....	£ 3,167,215	.. £ 2,533,744
Scotch banks.....	1,658,203	.. 3,334,823
Total.....	£ 4,825,418	.. £ 5,868,567

The "fixed issue," at the date of the Acts of 1844 and 1845, was £ 32,090,556. This has since been diminished £ 3,021,349, by the disappearance of certain banks by voluntary winding up, or by bankruptcy, while it has been increased £ 1,000,000, under the right enjoyed by the Bank of England to take a

certain percentage of the "fixed issues" of other banks which may lapse in any way.

As will be seen, the British monetary system, which assumed its present form under Sir Robert Peel's Act of 1844, rejects altogether the idea of elasticity in the paper part of the currency. Its volume expands and contracts only as the amount of gold expands or contracts.

There is no existing symptom of any tendency of the British public to entertain the idea of important monetary changes. It is not to be inferred from that, however, that such changes may not occur any year. The British people oftentimes move suddenly in great affairs, as they did with Catholic emancipation, and with the Corn laws, and the constitution of the British Government is such, that it responds more promptly to a popular impulse than ours does.

REDEMPTION OF SUBSIDIARY COINS.

General Hillhouse, Assistant Treasurer at New York, in a letter addressed, May 26, to the Secretary of the Treasury, and which was read in the House of Representatives, June 1, says :

If the advocates of silver really desire to place it in actual circulation, they have only to conform to a principle recognized by all other civilized governments, whose coined money is never, I believe, redeemed except when it has become so abraded by use as to fall below the legal standard of weight.

As this Government does not redeem, and never has redeemed, any full-weighted and full legal-tender coin of either gold or silver, we presume that Mr. Hillhouse is opposed to the law of 1879, directing the redemption of subsidiary silver coins, and desires its repeal. This is rendered the more probable inasmuch as the general subject matter of his letter is an accumulation of silver in the Treasury vaults, of which the redemption of subsidiary silver is one considerable cause. Possibly, we may misapprehend his meaning, but whether that is the case or not, the occasion is a proper one for us to say, that in our opinion the redemption of subsidiary silver is demanded by every conceivable consideration of justice and sound policy, and that it corresponds with the uniform practice of all civilized nations.

It is plainly fraudulent for a Government to issue an under-weighted coin, or one containing more alloy than the standard coins of the same metal, and receive for it the same consideration as if it was of full weight and purity, without either redeeming it on demand in standard coin, or preserving its market value by accepting it without limit for all dues and taxes. Such a course of proceeding is

also plainly inexpedient, inasmuch as it creates two kinds of money, one for the rich and one for the poor, and compels the acceptance of the wages of labor in an inferior currency.

The Vienna Coin Convention of 1857 which established an exclusively silver currency for all the German States (then including Austria), provided for under-weighted silver coins, having only a limited legal-tender capacity, but it required each State issuing such coins to redeem them on demand in other coins of full weight and which were a legal tender for all amounts.

What is known as the Latin Union is the result of a convention (1865) between France, Italy, Belgium and Switzerland, which provides for the issue of subsidiary silver coins, not under-weighted, but below the standard of purity of other coins. In respect to these subsidiary coins, the Convention prescribes that the State issuing them shall redeem them in coins of standard purity, when presented by the Governments or citizens of the other States of the Union, and shall receive them in payment of taxes from its own citizens, "without limitation of quantity."

In Spain, by a royal decree, issued October 19, 1868, the Latin Union plan of subsidiary silver coins was copied and adopted, and with the same provision that such coins should be received for taxes "without limitation of quantity."

The law regulating the subsidiary silver coinage of the present German Empire was passed on the 16th of July, 1873. It gives to the value of that coinage the double protection of being received for taxes for all amounts, and of being redeemed in gold when presented at the public treasuries designated for that purpose. This double protection of unlimited receivability and redemption is established in Sweden and Denmark by a monetary treaty concluded December 16, 1872; in Norway by a law passed June 1, 1873; and in Holland by a law passed in 1875.

In Great Britain the Government keeps the silver coin always up to a market equality with gold, by an arrangement under which the Bank of England, which is in fact the public treasury, receives such coin at its nominal value.

In this country, the Act of August 31, 1852, which prohibited the receipt for taxes of coins below the regular standard of nine-tenths fine, did not apply to the subsidiary coins issued under the Act of February 21, 1853, which were under weight, but of full standard. Such coins were, therefore, receivable to any amount for taxes, under the permanent laws which prescribe that the gold and silver coins of the United States shall be accepted for taxes.

In 1862 the United States ordered the issue of fractional paper notes. They were not a legal tender for any sum, and their receivability for taxes was closely limited. But in order

to prevent the possibility of their depreciation, they were made redeemable in United States full-tender notes. This was carrying out, in respect to a subsidiary paper money, the same principle which has been always and everywhere recognized as just and wise in respect to subsidiary coined money, not enjoying the capacity of being a full tender for all sums.

Soon after the access to power of the present Administration, the Secretary of the Treasury decided that subsidiary silver coins should be received for taxes, only within the limits of their legal tender capacity. We think that this decision was not warranted by law, but it was in fact made, and it resulted necessarily in such a depreciation of the subsidiary coins that many National, State, and Savings banks refused to receive them in payments or on deposit. The mischief of this depreciated currency became so intolerable that Congress, in 1879, passed the law for their redemption in United States notes, the repeal of which Mr. Hillhouse, as we understand him, now demands.

Undoubtedly, this law has accumulated a good many millions of subsidiary silver in the Treasury vaults, and it is an inconvenience to have on hand (say) \$23,000,000 in a kind of silver money in which no debt exceeding \$10 can be paid. It is, to the extent of it, an abstraction from the available means of the Treasury. But somebody must bear the consequences of the fact that there was and is a glut of subsidiary coins, that is to say, an excess beyond what can be absorbed in the channels of the circulation of that species of currency. The Government can carry the excess better than the people. The Government is responsible for having caused the excess, as that coinage has been monopolized by it since the first authorization of it in 1853. And furthermore, the Government has always a complete remedy for the mischief in its own hands, in the power to order the excess of the subsidiary currency to be recoined into a kind of money which is a full tender in all payments. Mr. Claffin, of Massachusetts, has, in fact, proposed a bill in Congress, and has procured its approval by the House Coinage Committee, directing the subsidiary half dollars to be reminted of full weight, and such a measure would leave no excess of subsidiary silver in the Treasury.

The past management of the mint has been probably somewhat at fault in precipitating a too great subsidiary coinage, without waiting to know how much of the old fractional paper currency was actually in existence, and how great a volume of subsidiary coins was needed to take the place of that currency. But the glut of subsidiary coins has come principally as an unforeseen consequence of the limitation imposed upon the coinage of standard silver money by the Act of February 28, 1878. That limitation has given an

artificial value to the United States silver coins, both standard and subsidiary, and has brought home great amounts of the subsidiary coins hitherto circulating in the West Indies and South America.

BRITISH AND AMERICAN AGRICULTURE.

In the *Contemporary Review* (British) for February, in an article upon comparative agricultural prospects in England, Canada and the United States, it is estimated that when the railroad from Thunder Bay to a point 250 miles west of Winnipeg is completed, the cost of bringing wheat to Lake Superior at Thunder Bay from such a point will be fifteen cents per bushel. For less distances the charge would of course be less. Railroad men can judge better than we can, whether such a rate of freight would, under the circumstances, pay a fair profit on the cost of a railroad. But inasmuch as the Canadian Pacific Railroad is a Government work, the rates may be fixed, less with a view to the direct profit, than to the development of an interior country, and to other political and commercial considerations.

It is further calculated that the steamer transportation from Thunder Bay to Montreal will be 5*d.* per bushel, and that the ocean transportation from Montreal to Liverpool will be 5*s.* per quarter, including elevator charges. Altogether these charges, from a point 250 miles west of Winnipeg to Liverpool amount to 13*s.* 4*d.* per quarter. It is calculated that wheat raised in Manitoba will yield a reasonable return if sold on the spot at forty-five cents per bushel, or 15*s.* per quarter. This makes a total cost, delivered in Liverpool, of 28*s.* 4*d.* per quarter, whereas British authorities agree that their home farmers cannot, at existing rents, produce wheat at less than 40*s.* per quarter, and it has heretofore rarely sold so low as that in England. During the last thirty years the average English price has been 52*s.* per quarter. A writer, who is described as having "recently traveled through Manitoba, and devoted most careful attention to the subject," makes the following additional statement:

"In practice I am satisfied that, three years hence, wheat grown in our Northwest will be laid down at Liverpool from 26*s.* to 28*s.* per quarter."

However low the rates may be for moving wheat from the Canadian Northwest to England, they must be equally low from immense regions in our own Northwest, having the same facilities of access to Lake Superior. Taking the case as a whole, it would seem impossible that British agricultural rents can be maintained at any approximation to the figures of the last twenty years.

Nor is it to be disguised that the experience of wheat growing in the Northwest, having cheap transportation by lakes and canals to the seaboard, has a future bearing, not only upon British rentals, but on the possibility of any permanent profit in raising wheat in Nebraska, Kansas and other regions beyond the Missouri, which must bear the expense of either a very long railroad carriage, or of the circuitous route to Europe *via* the Mississippi river and the Gulf of Mexico. On this point, a Buffalo writer says :

There is in Northern Dakota and Northern Minnesota about forty millions of acres of fertile grain-producing land, nearly all of it fitted by nature for the plow—simply a grassy plain. This region is easy of access. The Eastern emigrant can reach it in a short time, for a small outlay of money; and he is going there, too. Suppose that but one-fourth part of all this land should be devoted to grain growing, and that an acre of it should produce a crop of twenty bushels of wheat, it would produce the enormous aggregate of 200,000,000 bushels.

Of course, when supply presses upon demand, prices must come down nearly to the level of net cost.

The trans-Missouri farmers never can compete successfully (when prices are low) with the Northwestern farmers in the Eastern markets, as their chief means of transportation will be by railroad, which is so costly. They must quit wheat growing when its selling price is anywhere near its cost in the Red River country.

A carefully-considered paper by Robert Giffen, published in January, and reviewing the financial and commercial history of Great Britain during the year 1879, points out that a very decided trade revival had occurred, notwithstanding a most extraordinary depression in agriculture, resulting from the unusual conjunction of short crops and low prices. Mr. Giffen concludes that agriculture may hereafter occupy a much lower place in the scale of British interests than heretofore, and he persuades himself to adopt the consoling view that England may be more prosperous than ever with cheap food imported from abroad, even if the fortunes connected with land-holding are greatly reduced. The following extracts from his paper will give a tolerably accurate idea of its general drift :

We must not, of course, rush to the conclusion that the old economists and statisticians were wrong in dwelling on the connection between harvests and trade, or that good and bad harvests are now of no consequence. On the contrary, the old authorities, men like Quetelet, Tooke and others, were demonstrably right. In the circumstances of all countries, even including England, a good or bad home harvest used to be all-important for trade. The agricultural interest was relatively far more important than it is now. All that has happened is that English circumstances are changed. England has become a country where the agricultural interest is only about a tenth of the whole, while the price of food is not regulated by the home harvests, but by the foreign. . . . The agricultural industry though large is far from all-important, the other

influences are stronger, and the country, as a whole, gains more by cheap food than it loses by a bad harvest.

Assuming that the farmers all around have only made half their profits, and that landlords have had to give up twenty per cent. of their rents, we should arrive at a net reduction of about fifty million pounds in the usual return to agricultural industry. We should doubt if the net reduction is as great as this, while those concerned have gained, like the rest of the community, in the general cheapness; but even a reduction of fifty million pounds is not a large amount if the rest of the country is prosperous, as it is beginning to be.

PENSION ROLLS OF THE UNITED STATES.

In the United States House of Representatives, May 18, the pending bill being one to create a Pension Court to act upon those classes of applications for pensions which are made, not to the Pension Office, but to Congress, Mr. Warner, of Ohio, supported the measure. In the course of his remarks he made some statements which deserve attention, as to the magnitude of the annual appropriations necessary for the pensions already on the rolls, and the still greater sums which may be required after the Pension Office has acted upon applications for pensions which are still under examination.

We thought it a sufficient objection to any reduction of taxes during the late session of Congress, that the tariff revenue was likely to fall off from a diminished foreign trade. But the observations of Mr. Warner suggest the additional idea that the revision of taxes should be postponed until we can see more clearly how large the expenditure for pensions is likely to become.

Mr. Warner said:

Taking the latest data and bringing my information down to the 30th of April, I find that there are now on the pension rolls over two hundred and forty-six thousand pensioners—probably by this time nearer two hundred and fifty thousand—involving an annual payment for pensions of \$38,159,000 besides some \$23,500,000 already paid as arrears. We have appropriated for the next fiscal year \$32,404,000, and there will be a deficiency for that year of from \$8,000,000 to \$10,000,000. So much for claims already allowed. Next, there are on the files in the Pension Office two hundred and forty-eight thousand unsettled claims, involving, if all are allowed, in first payments, rating them the same as those now on the roll are rated, about \$212,000,000. And supposing all these claims to be allowed and rated the same as those now on the pension rolls, they will involve thereafter an annual payment of \$38,000,000 more, requiring for full annual payments in future, so long as all should remain on the rolls, \$76,000,000. That sum at four per cent. interest is equivalent to a debt of \$1,900,000,000, or larger by more than

\$ 150,000,000 than our present National interest-bearing debt. But this is not all.

Further claims are coming in at the rate of from six thousand to ten thousand a month; a little over eight thousand claims were filed in April, over ten thousand in December last, and from six thousand to ten thousand a month for the intervening period. The total number of names borne on the Army rolls are about two million seven hundred thousand. How many of these will yet present claims for pensions cannot be told. A few more than twenty-two thousand claims were decided at the Pension Office during the last year, exclusive of claims for arrears decided principally upon the records. It is thought that during the current year, with the present machinery, thirty thousand cases may be decided, or say about one-third as fast as claims come in, but with two hundred and fifty thousand behind to start with.

I am glad to see a disposition manifested on the part of the House to treat this great question with something like the business consideration that is due to so important a matter. The pension question is manifestly fast assuming proportions not inferior to the National debt itself. It is high time that such a body as the National House of Representatives should cease to be actuated by mere sentiment in matters of this kind. Emotional legislation is the most unsafe and uncertain of all legislation.

A pension is not a gratuity vouchsafed by Congress to a destitute or dependent person, nor is it a bounty graciously bestowed.

The other day when the House passed, in an emotional fit, a bill granting a pension to the widow of a general officer, who had been for years on the retired list with a salary of \$4,125 a year, it did give a pure gratuity, and with it set, I think, a bad precedent. There was no shadow of claim for pension in that case. There was a claim of destitution set up; but brigadier-generals, as well as other people, must learn that to have they must save.

A pension, as I have before said, is pay and nothing else. It is pay for loss, for damage, for disability; and where there is no loss by disability there is no pension due, and where there is disability incurred in the line of duty a pension is as much due as was the soldier's pay while in the service.

During the Civil War, many soldiers were called upon to undergo prolonged exposure, excessive fatigue, or long imprisonment, and came out with broken constitutions and ruined health. For such disability pensions are due, and as much due as pay for services, because there has been loss sustained in consequence of military duty performed; but, on the other hand, to claim a pension where no disability has been incurred in the service in the line of duty is as much a fraud as it would be to make a claim for pay for services never rendered.

Pensions are not due nor ought they to be granted on any other theory. A pitiful story is not in itself a sufficient foundation for a pension claim. Pensions for actual disability, large as the roll may become and heavy as the burden may be, must be borne as the most sacred of obligations. But the cause of alarm is not in pensions for actual disability, nor in such claims, but in wholesale claims for pensions regardless of any disability.

THE EXPENSES OF SAVINGS BANKS IN NEW YORK.

BY HENRY L. LAMB.

It is some time ago that the cost of conducting Savings banks in New York provoked criticism. In September, 1877, Mr. Jno. P. Townsend, of the Bowery Savings Bank, read a paper at Saratoga, before the American Social Science Association, on Savings banks. He said, respecting fine banking houses: "The extravagant amounts spent simply for offices in which to carry on the business of Savings banks is, in some cases, an outrage on the system."

And it was sometime before this that the conduct of the trustees of a Savings bank drew forth from Thomas Nast, who was a member of the board, this remonstrance against the expenditure of depositors' funds: "I have always understood, through you, that this was a charitable institution, conducted with a single eye to the interests of the poor, our depositors; and that the trustees willingly gave their services gratuitously for that purpose. You speak eloquently of gathering the crumbs of the poor, but it appears to me that, after they are gathered, you put them in your own pockets."

I select these two opinions, because they both come from the inside of Savings banks. I could readily quote many more. I will add a single one from an "old school" gentleman, as his tremulous hand and positive judgment show:

NEW YORK, 17th April, 1879.

DEAR SIR:—Your remarks on the subject of expenses in Savings banks are very opportune. There is no way to remedy the great evil but a law of the land. One of the great evils is the formation of cliques in our banks, caused by the governing president in procuring new members, when vacancies are to be filled, to perpetuate his salary and to increase it. In former days the duties of President were performed gratuitously, and could now be by gentlemen of leisure and means who would think the honor of the situation sufficient.

There is not sufficient duty to perform to take one hour per day. There are some banks now whose President receives no salary; but there are others who create side offices for favorites and call them actuaries, treasurers, etc., and pay them princely salaries. I venture to assert that not one in ten of all the Presidents ever did, or could, earn one-half of the amount of the salary they now receive, in any capacity. Our banks are open only five hours out of the twenty-four—a small portion of the day; the clerks, of course, have to spend one hour more.

I think efficient clerks should be paid liberally, but the President, in a charity, receiving a large salary, is simply a robbery of the poor. A law should be passed reducing these salaries of five, six, eight, and nine thousand dollars to not more than \$2,000, *ample* pay for all they *can* earn in such an office. I have been trustee for forty years, or since the chartering of the —, and know whereof I speak of all duties.

(Signed)

Is there any just cause for these animadversions on Savings bank expenses? That is the vital question.

When Mr. Worcester, Treasurer, was a witness before the Hepburn Legislative Committee, he said of the New York Central and Hudson River Railroad Company: "There is, moreover, an intense pressure of economy at all times; and the railroad is operated on business and not on emotional principles."

In what Savings bank, from the purely spontaneous act of the trustees, is there an "intense pressure of economy at all times?" Such are very few, although some Savings banks are managed with reasonable economy in New York.

How shall the economy, or the prodigality, of expenses in a Savings bank be tested?

There are three ways: 1. By comparison of the cost of management with similar institutions working under nearly similar conditions elsewhere? 2. By comparison of expenses in Savings banks with those in other kinds of service where the capacity required and the duration of the daily work are nearly alike. 3. By the comparison of the Savings banks in New York with each other. For, when one in New York is conducted with economy, it sets the pattern for the rest. It solves the problem of frugality, because it proves what *can be done* when the managers have the will to do it and find their paramount duty is to depositors.

1. In the last two reports by the Bank Superintendent, statistics are presented which afford some basis for comparison between our Savings banks and those elsewhere. For three Savings banks in three large cities in England and Scotland exact figures are given. The number of employes is large, but the salaries are smaller by much than in New York. The number of depositors in each institution is very much greater in proportion to deposits than in any Savings bank in New York of like size. In the three Savings banks are seventy-four employes; total salaries, \$68,042, or less than \$950 each on an average.

The precise figures in the Savings banks in Massachusetts, Connecticut, and New Hampshire, prove that salaries in each of those States are very much less in Savings banks than they are in New York; and that it is just as true of their largest Savings banks in their largest cities, as it is of the small ones in manufacturing villages.

When such results are shown, it is proposed to change the basis for comparison. That is fallacious, and only clever jugglery. In general terms, the deposit accounts in New York Savings banks are very large in comparison with those of other States and other countries. The fact only suggests the repeated affirmation that our Savings banks receive a class of deposits which rightfully have no place in a Savings bank. They do a sort of business which the managers of Savings banks elsewhere will not do, or are not permitted to do.

A retailer can not do business for so small a per centum on the volume of business as a wholesaler can ; this is plain. A Savings bank with 20,000 depositors can not do business so cheaply as another with 10,000 depositors, if they are all of the same class. Yet sometimes in our State the one with fewer depositors has a much larger volume of business. The fact proves, not economy in management, but that a kind of business is done that will not be done by a well-regulated Savings bank. To receive the same number of small deposits and to make the same number of payments and interest credits upon small accounts, require just as much work upon each as if they were larger. But with the large accounts the volume of the transactions would be larger. Then, it is urged, expense should be computed on the volume of business. To state the case fairly, refutes the argument and explodes the fallacy. A small *volume* of business is the true sign and glory of the genuine Savings bank.

I believe this to be true : That larger salaries are paid in New York Savings banks than in any others similarly placed and doing the same sort of work elsewhere. All the evidence points to this conclusion. Another proof of prodigality in New York Savings banks is conspicuous ; I mean the costly banking houses. In Connecticut, twenty-eight Savings banking houses cost \$494,000. In Massachusetts, forty-six such buildings cost \$2,575,000, only two cost more than \$150,000 each. In New York fifty-five banking buildings cost almost nine millions of dollars. Many of them cost over a half million each. Is this difference in practice accidental ? Does it not rather show a difference in *spirit* in the managers of Savings banks in these States ?

The New York Life and Trust Company, the United States Trust Company, the Union Trust Company, the Manhattan Company, the Chemical Bank, do not seek to gain "public confidence" by sinking large sums of money in splendid offices. They know better.

In October, 1877, the *Journal of Commerce* referred to a Savings bank and said : "Has it been carefully and economically managed ? Were not the *expenses* of last year, over \$73,000, too great for the work done ? And is not \$600,000 to \$700,000 too big a slice of the surplus to be put into a great new building ?"

Thoughtful men saw this sham some time ago.

II. The salaries paid in many Savings banks are larger than those paid in other kinds of service demanding higher capacity.

In the schools of New York, including colleges, how many teachers or professors get \$5,000 annual salary ? How many editors receive \$5,000 salary or more ? They all work more hours than the Savings bank officer does. The Deputy State Comptroller is an earnest, industrious, and capable officer.

For years he has been paid \$3,500 salary. The Deputy in the Insurance Department has been paid \$4,500. The Deputy Comptroller of the Currency receives \$2,750 salary. I know of capable and trusted bank officers in New York and Brooklyn who get less than \$2,800 salary, and do a great deal of work. I also know most efficient, honest, and willing men in Savings banks who are paid less than \$3,000 salary. And sometimes such men do *more* work than others who get twice as much pay. A messenger in one Savings bank is reported as receiving \$2,400, which is more than many college professors receive in this State, or editors, or bank tellers. The officer of one Savings bank informed me that it is proverbial in New York that Savings banks are the most liberal employers.

In one instance, a committee reported in a Savings bank against reducing salaries. "Sir," said a trustee to the chairman, "how much do you pay to *your* book-keepers, clerks, and accountants?" "Oh," was the reply, "I pay—so much." "Then," said the interrogator, "how can you vote to pay twenty to twenty-five per cent. more for the same service here in the Savings bank."

It is less than four years ago that almost \$14,000 and \$12,000, \$10,000 etc., were paid as salaries to individual officers in Savings banks. And it is demonstrated that the very men who received these salaries are in some instances working to-day with assiduity, faithfulness, and more effectively, for less than *half* that salary, in the same institutions. The large salaries are not necessary; it is not just to depositors to pay them; it is not fitting in a Savings bank to set such examples of extravagance in the expenditure of other people's money.

Mr. Townsend, whose paper I have referred to, said of salaries: "Trustees do violence to their trust, who, in a bank having less than \$9,000,000 deposits, authorize the payment of nearly \$14,000 per annum to a single officer, or who pay \$22,000 to two officers in a bank having less than \$11,000,000 deposits. Such salaries, under such conditions, cannot be too severely condemned." So I think. But suppose \$3,000 or \$6,000 or \$5,000 are paid, and there is either no need of the officer or that a mere clerk will do the same or greater service for less than half the salary paid. In my opinion it is incontestable that some Savings banks pay thousands of dollars a year to men who do not earn the money, and to whom no alert, just, and conscientious trustee should consent to pay it.

I cite some figures from official reports. I have not the slightest idea that these figures are large enough, either for New York or the other States. But I am sure they will stand scrutiny as showing *relative cost*; more complete and more exact figures would be more unfavorable for the Savings banks in New York. Profit and loss covers some dubi-

ous expenditures. And if the investments in banking houses were capitalized and interest computed upon such investments at the legal rate, New York would suffer very much in the comparative results. In Connecticut the expenses would be increased \$29,640, in Massachusetts the increase would be \$154,500, in New York the increase would be \$533,400. Either one of five Savings bank buildings in New York cost more than all the twenty-eight in Connecticut; four of them cost a quarter of a million more than all the forty-six in Massachusetts. These figures mark the contrast between New York and Massachusetts:

	<i>Per cent. of salary for each transaction in 1878.</i>	<i>Cost of each transaction in 1878.</i>	<i>Average cost of each deposit account in 1878.</i>	<i>Per centage of expenses to deposits in 1879.</i>
Bank for Savings..	\$.37	\$.43	\$.72	.0020
Bowery Savings Bank.	.46	.61	1.41	.0026
Emigrant Industrial...	.55	.72	1.74	.0027
Greenwich.....	.56	.72	1.34	.0039
Citizens'.....	.60	.88	2.50	.0048
Dry Dock.....	.60	.87	2.28	.0045
Boston Five Cent.....	.27	.37	.48	.0035
Provident, Boston....	.49	.54	.86	.0021
Suffolk, ".....	.54	.58	.89	.0022
New Bedford.....	.63	.77	.87	.0017
Springfield.....	.46	.56	.90	.0023
Worcester Co.....	.58	.82	.86	.0021

III. These figures naturally suggest the third basis of comparison; the one between our own Savings banks. Here is the clear fact exhibited that some Savings banks do their business for a great deal less than others in the same city. Is it impossible for those which now pay so much to come nearer to the figures which those make that cost the least? If one Savings bank in New York is successful, while it is economical, it proves that my argument is sound.

It is a fact irrefragably proved by every sort of fair comparative statement, that in 1879 the running expenses of some Savings banks in New York City were more than *twice* as much as those of some others, all of them being large and successful institutions. It is also a fact that these expensive Savings banks in New York pay *three* or *four* times as much for the same service as the largest Savings banks in Massachusetts, which are located in the largest cities in that State. It is audacious to claim economy in the face of such exhibits as these.

Few Savings banks in New York City are open over five hours—from ten to three daily. The most of them in the Massachusetts cities are open from nine to four; that is, their time given to depositors is to that in New York as seven to five, or forty per cent. more than the New York time.

In Albany, a Savings bank with \$2,525,000 deposits and 5,400 accounts, pays \$5,000 salaries; in New York one with \$2,589,000 deposits and only 4,000 accounts, pays \$13,200

salaries. In Albany a Savings bank with \$5,270,000 on deposit and 11,000 accounts pays \$9,732 salaries; in New York one with \$4,364,000 on deposit and only 10,100 accounts pays \$17,700 in salaries. In Troy a Savings bank with \$4,150,000 deposits and 9,400 accounts pays \$8,000 in salaries; in New York one with \$3,150,000 deposits and 8,600 accounts pays \$13,600 salaries. These figures were for 1878, and from the reports by the Savings banks.

In a New York City Savings bank, salaries were reduced thirty-seven per cent. in 1878, and the excellent service remained just as efficient as it had been; the faith of the depositors was revived. In another in New York, a reduction of more than seventy-five per cent. was made in 1879, and the service was more vigilant, energetic, and faithful in 1879 than in 1878; in another, a reduction of about fifty per cent. was made in 1878, and the management gained in vigor, activity, and fidelity.

Such experience as this shows what can be done. Is not something due depositors as well as Savings bank employés? Who are the real beneficiaries? In four years the average interest paid to the depositors in the Savings banks in New York had been reduced one-fourth. But just as soon as the proposal is made, in behalf of depositors, to apply some pressure for securing just economy in management, a vigorous protest is made, and ingenious, though fallacious, pleas are made for maintaining a rate of expenditure which is not paralleled in any other corporate management or public service, where no greater requirements are made upon the employés than in Savings banks. In the *Bells of Penraven*, by Mr. Farjeon, it is related that "it is a remarkable proof of the inconsistency of human nature that in the minds of all these officers [who had charge of the Penraven bequest] and their wives a kind of resentment was harbored against the dead-and-gone Richard Penraven, because of the insufficiency of their salaries to supply wants and luxuries not exactly necessary to the maintenance of a respectable home."

It is to be feared that the same feeling rules in some Savings banks. But where such longings and desires overcome the claims and rights of the depositors and bear sway, that Savings bank has fallen from its high position and ceases to serve the purpose for which it was founded.

ALBANY, N. Y., June, 1880.

PACIFIC COAST COAL.—The British Columbia coal mines yielded 84,000 tons in 1877, 171,000 in 1878, and 241,000 tons in 1879. The export to foreign ports for 1879 amounted to 173,789 tons valued at \$586,909, an increase of 28,000 tons over the previous year.

CURRENT EVENTS AND COMMENTS.

NATIONAL IMPROVEMENTS.

The sums paid out of the United States Treasury from 1789 to the end of 1878, for various improvements, are officially stated as follows: "Public buildings, \$105,374,928; light-houses, \$22,541,190; armories and arsenals, \$19,363,290; navy yards and marine hospitals, \$51,972,497; fortifications, \$54,424,559; rivers and harbors, \$66,209,118; canals, \$9,197,473; roads, \$17,564,420; railways, \$84,627,181; miscellaneous, \$4,951,903. Total, \$446,216,559."

This does not include the large grants of land made for schools, canals, railroads, etc. The figure given above for money grants to railroads must include the bonds which were furnished them by way of loan, and a large portion of which will doubtless be recovered from them.

PAYMENT OF THE PUBLIC DEBT.

The New York *Financial Chronicle*, of June 5, says: "A permanent debt means a permanent army of officials for its management, permanent and extensive systems of Custom-House and internal taxation. . . . Already, in our short history, we have twice paid our debt; it will be well to make this the third precedent for future generations to follow. What reason is there that the progress made during the past fifteen years should not be at least equaled in the future? We could discharge the remaining two-thirds of our obligations in the next quarter of a century, without, to any extent, checking our prosperity."

The New York *Indicator*, of June 7, says: "Mr. Fernando Wood has proposed that the consideration of his refunding bill be postponed until next session. The necessity for this has for some time been foreseen, and, perhaps, after all it is the best thing that could have happened—certainly better than adopting his preposterous twenty-fourth scheme. By next December, Mr. Wood may have found out two things: first, that the people mean to pay this debt, and next that they mean to do so in less than forty years, or even ten years."

INCREASED RAILROAD EARNINGS.

The New York *Stockholder* says: "The reported April earnings of fifty-six railway companies this year exceed twenty and a quarter millions, against sixteen millions in April last year.

"The mileage of the roads is increased to 31,399 miles this year, from 28,170 miles last year.

"The earnings per mile for April this year are \$648 against \$567 same month last year, an increase of about fourteen per cent.

"For the first four months of this year, ended April 30, fifty-five of these roads earned about eight-two million dollars against sixty-five millions last year, an increase of twenty-six per cent., the increase in mileage being nine per cent. The average earnings per mile for the four months are \$2,625 against \$2,264 in same months last year, an increase of sixteen per cent."

THE EXPORT OF OYSTERS.

The Bureau of Statistics publishes the following statement of oyster exports during the past four years:

Year.	Barrels.	Value.
1876.....	42,839 ..	\$ 214,156
1877.....	52,124 ..	260,620
1878.....	78,612 ..	393,061
1879.....	90,663 ..	453,306
Totals.....	264,238 ..	\$ 1,321,183

This export is principally to England. The first shipments were not successful, as the dealers there were able for a time to play upon the proverbial British prejudice that anything raised in Great Britain must necessarily be superior to an article of the same name from America. However, the real superiority of the American oysters has at last been acknowledged, and the export will become very great, unless the attempts which have hitherto proved a failure at transplanting them to British beds shall finally succeed.

CALIFORNIA ARTESIAN WELLS.

The area irrigated by the wells of Los Angeles and San Bernardino is about twenty acres each on the average, though a few may rise to 200 acres. A well that will irrigate forty acres is considered very good. The average discharge is from a third to a half of a cubic foot a second, and the largest in the southern part of the State (at Compton) pours out a foot and seven-tenths in a second. The number of wells in Los Angeles County is estimated to be 550; the average cost, \$400. . . . The majority of the 400 wells in San Bernardino County have a diameter of only two inches. The artesian water has a temperature of sixty-seven degrees at Pomona, of sixty-two degrees in other parts of Los Angeles County and in San Bernardino, and of seventy-one degrees at Kern Island.

THE ISTHMUS TRANSIT.

The *Panama Herald* says, "Eighty-one per cent. of traffic over the Panama Railroad in 1879 was on account of other countries than the United States, and argues that the claim of the United States for sole control of any canal across the isthmus on such a basis of business is without reason, and will not hold good with other nations who send four tons of freight across the isthmus to every one from the United States.

JUTE. A NEW SOUTHERN INDUSTRY.

The Raleigh (N. C.) *Observer* maintains that this is sure to become one of the industries of the State. The lands in the eastern belt of the State are adapted to its growth, and especially are the abandoned rice plantations suitable. The jute grows vigorously on such places, with a long and good fiber. It can be produced at about one-eighth the cost of cotton, and from an acre of it, \$40 to \$100 can be made, taking the present price of jute as a basis. . . . There are very fine specimens of jute stalks grown in the State now on exhibition at the Agricultural Museum.

Mr. I. Coryell writes as follows to the *Union and Press*, of Jacksonville, Fla.: "The samples of Florida jute, sent by me to England have been shown to the largest manufacturers of Dundee, Scotland, as well as to extensive dealers in India jute in England, and they all pronounced it superior to the India. They write me a very

flattering letter, and assure me their interest is so much excited in the matter that they will send out an expert to fully investigate and look after the production."

A city paper, *Cotton*, speaks of this material as follows: "The soil and climate that suit rice suit the jute plant also, and *vice versa*."

* * * * *

"In California the seed is sown in May or April. The rapid growth of the plant is remarkable, reaching its full height and blooming by July. The stems then harden, and in October it is ready for cutting. The fiber is found in the bark only, and is, in India, prepared by a rotting and beating process which, it has been estimated, lessens its strength more than one-half. The recent invention of a machine to prepare jute fiber from the stems at one operation, is, therefore, of great importance, and must effect a revolution in the whole system. The difficulty, heretofore, has been in the presence of too much resinous or gummy matter, making the fibers cohere to each other.

"The expenses of cultivation are less than half that of cotton, while its profits are said to be twice as great. The yield is from 2,000 to 3,000 pounds per acre. This fiber has usually sold in New York for from six to eight cents per pound.

"The jute plant is useful in many ways. The seeds make oil cake, the root and woody stems are used for paper, the bark for fiber, the soft tips of the sprouts for herbs and greens. The most important use is for fibre, but the tow and waste make paper of great beauty and strength. The fiber has many peculiar qualities. It has a beautiful luster, and takes color wonderfully well. It also mixes with silk, cotton, hair and wool, with equal facility. These qualities make it certain that jute will continue to be a leading textile.

"Jute was first known in gunny bags, but successive improvements in methods of working it have made it of use in dress goods, linings, carpetings, burlaps, and many other fabrics. . . . India, in 1874, exported nearly 1,000,000,000 pounds of jute fiber. . . . There are now some manufactories in the United States, and they are said to be successful."

CANADA.

A comparative statement of exports from Canada for ten months, ending April 30, against the corresponding months of 1879, show an increase of nearly 22 per cent. The principal articles of export showing this increase are animals and their produce, \$2,500,000; agricultural products, \$3,000,000; forest, \$2,000,000. In the export of fish a slight falling off has taken place. Statements of this kind, when quotations are not given, may be misleading. It may be, in this case, that the increased money valuations are owing entirely to an increase of prices, and that the volume of trade has not changed.

MANITOBA LAND SPECULATIONS.

An Ottawa dispatch to the *Chicago Times*, says: "There is no doubt that a combination of land speculators, who had arranged to buy up the bulk of the available lands in the Northwest, have failed to carry the arrangement into effect. What a company have failed to do, however, individual capitalists are doing. An English lord at present in the country, ostensibly on a fishing excursion, is buying up immense quantities of land in the Northwest, in various persons' names. Other instances of this character are coming daily to light."

VICTORIAN GOLD MINES.

The report of the Government Mining Surveyor for the colony of Victoria has just been issued, showing that for the quarter ending December 31, the quantity of gold obtained was 219,411 ounces, of which 79,333 was from alluvium, and 129,678 from quartz. . . . As to the numbers engaged in mining, there were altogether, 37,553, of whom 13,824 Europeans, and 8,945 Chinese were occupied in alluvial mining, and 14,619 Europeans, and 165 Chinese in quartz mining. . . . The square miles of auriferous ground actually worked upon were 1,324. . . . Some of the shafts sunk in the colony (in the aggregate nineteen) are over 1,000 feet in depth; the Magdala shaft, in the Ararat district, being 2,273 feet, and the Newington 1,940 feet. The approximate value of all the mining plant in the colony was £1,899,788.

DEEP SHAFTS.

The deepest perpendicular shaft in the world is the Adelbert shaft, in a silver-lead mine, in Prizibram, Bohemia. On the first day of May, 1879, it had attained a depth of 1,000 meters—3,280 feet. The top of the shaft being 1,732 feet above sea level, the bottom is of course 1,548 below it. There are two other localities where a greater depth has been attained, but not in a perpendicular line. The Rock-salt bore hole, near Sperenberg, not far from Berlin, has been bored to a depth of 4,175 feet; and the coal mine at Viviers Seums, Belgium, by shaft sinking and boring, has reached a depth of 3,542 feet.

FLAX.

From the recently published annual report of the Flax Supply Association of Ireland, it appears that the area under flax in that island, in 1870, was 194,893 acres, while last year it was only 128,004 acres, and the total yield was 35,617 tons in the former year, and 19,511 tons in the latter. In Austria the area was 250,085 acres in 1870, and it rose to 281,820 acres in 1872; since then it has steadily declined to 232,494 acres last year. In Hungary the highest figures were those of 1870—39,112 acres, against 24,888 acres in 1877, the last year for which information has been obtained. For Belgium no precise figures have been obtained for a later year than 1866, when 140,901 acres were under flax. France had 195,676 acres under flax in 1871, and 216,517 acres in 1873; the figures for 1878, the latest year for which returns have been obtained, are 187,451 acres. Owing to the transition state of Germany—from separate kingdoms to a united empire—there is a considerable discrepancy between the agricultural census of 1878 and previous returns, which causes the comparison to be unreliable. The area given for 1878 is 329,362 acres, and it is understood that this was increased last year. In Holland the total was 59,801 acres in 1870, and it had declined to 46,700 acres in 1877, the latest year for which official returns have been obtained. No comparative tables are given for Russia, but the area is estimated at 2,000,000 acres. According to the latest available returns upon which the yield of flax can be estimated, Russia is, of course, the chief producing country, the annual yield being stated at 250,000 tons. Germany follows with 57,432 tons, and then come France, 42,575 tons; Austria, 40,367 tons; Belgium, 29,580 tons; Italy, 22,791 tons; Ireland, 19,611 tons; Holland, 9,273 tons; Sweden, 4,688 tons; Hungary, 3,111 tons; Denmark, 2,211 tons; Egypt, 1,875 tons; Great Britain, 1,081 tons; and Greece, 119 tons. The production of Russia is therefore equal to more than one-half the entire production of Europe, including the British Isles.

AN IMPORTANT IRISH LAND BILL.

The second reading of the Irish Land bill in the House of Commons was fixed for Tuesday, the 22d of June. The bill provides that until the 31st of December, 1881, ejections for non-payment of rent, in certain schedule districts where distress is prevailing, shall be deemed a disturbance of the tenant by the landlord, within the meaning of the Landlord and Tenant Act of 1870, and the tenant shall be entitled to compensation in the discretion of the judge of the county court, if non-payment of rent is caused by the prevailing distress, and the tenant is willing to continue in occupation upon reasonable terms as to rent, arrears of rent, and otherwise, and such terms are unreasonably refused by the landlord.

This bill is supported by the Gladstone Ministry, but is denounced by the Conservative press as "confiscation," and as a "challenge of communism to constituted society."

LONDON SHOP-KEEPERS.

The correspondent of the *Scottish Banking Magazine* says, under date of May 31, 1880: "Retailers in London complain that the year 1880, so far, has been worse than 1878 or 1879, and there can be no doubt that although some special industries and trades have been benefited by the recent revival, the effects upon the general business of the country have as yet been only partial. Wholesale houses experience great difficulty in getting money from the retailers, many of whom are only prevented from stopping payment by the indulgence of their creditors. In London, the position of the trader is rendered less secure by the ever-increasing competition of co-operative stores, and shop property in the leading thoroughfares is difficult to let, even at a considerable reduction of rent."

BRITISH CATTLE TRADE.

Notwithstanding the severe regulations adopted in Great Britain to prevent the spread of disease by imported cattle, that trade is rather increasing. In 1878 the number of foreign animals landed at the six privileged ports was 1,200,323. In 1879, it was 1,241,847. At Deptford, one of these ports, 15,000 cattle are killed every week. This compulsory slaughter at the places of debarkation necessarily raises the prices of beef at all interior points.

A correspondent of the *London Times*, of May 17, says: "In 1876 there were in the United Kingdom 10,163,000 head of cattle and 33,492,000 sheep; in 1878, 9,732,000 and 32,263,000; in 1879, 8,840,000 and 25,337,000. Thus, since 1876, cattle have decreased in numbers to the extent of 1,323,000 and sheep 7,155,000, and I think the agricultural returns of this year will show that these numbers are still further reduced.

"This diminished number of live stock, and the poverty-struck condition in which they generally are, show the impoverished condition to which most tenant-farmers are reduced"

BET SUGAR.

Before 1830, no European Government imposed taxes upon the production of beet sugar, but it is now so well established that it yields large revenues. In France, the present tax is six and three-quarter cents per pound, or one cent higher than the import duty on cane sugar from the French colonies. Germany began in 1830 with a tax of twelve cents on every ton of beets brought to the factories, but has gradually raised it to \$4 per ton.

PORTUGUESE CATTLE TRADE.

A Lisbon correspondent of *L'Economist Francaise* gives the value of the exports of Portuguese cattle to Great Britain as follows, in the years named:

Years.	Value.	Years.	Value.
1856.....	\$ 397,000	1877.....	\$ 1,373,660
1861.....	711,800	1878.....	1,523,920
1866.....	720,864	1879.....	1,500,000
1876.....	1,755,280		

This correspondent says that there are no large cattle raisers, and that these exported beasts are purchased from small farmers. He also adds, that with sufficient inducement in the way of price, the export could be increased twenty fold.

GERMAN COLONIAL POLICY.

The Vienna correspondent of the London *Economist*, writing under date of May 31, says: "The German Government are at present being urged by Baron Overbeck, late Austrian Consul in China, to found a colony on the island of Borneo. He purchased territory to the extent of several hundred square miles, on the north-east of Borneo, from the chiefs there, and obtained the right of sovereignty also. He was supported by several capitalists. It appears that the island has great mineral wealth, and Baron Overbeck first proposed that the Austrian Government should found a colony there, but the Austrians did not consent. After having failed with Messrs. Bleichroder and Messrs. Hausermann in Berlin, he addressed himself to Prince Bismarck, but he has no chance of success with the German Reichstag."

The opinion of this correspondent that the Reichstag would reject the Borneo scheme, must be based upon their recent rejection of a similar scheme in respect to an island in the Pacific, which Prince Bismarck very warmly favored. It has long been said that Bismarck's associates and advisers had ambitious commercial projects in the East. The temper of the legislative body seems to be against foreign enterprises.

TEA IN INDIA.

The New York *Commercial Bulletin* says: "India is rapidly coming into the foreground as a tea-growing country, and special efforts are making to extend the culture of the plant not only throughout Assam, but also in the other north-western provinces. Thirty-four large companies are engaged in the cultivation, and so far, the profits have been satisfactory. The Indian teas, though lacking the mild flavor of the Chinese plant, have decided merits; they are one-third stronger, can be sold cheaper, and are unadulterated. Still, the popular taste has not yet been educated to appreciate the Indian product; consequently they are mostly used for mixing with inferior Chinese. The following shows the imports of teas into Great Britain during three successive years:

	1876. Lbs.	1877. Lbs.	1878. Lbs.
British India.....	27,814,214	30,940,724	35,420,059
China.....	155,907,582	154,996,561	165,704,642
Other countries.....	1,814,575	1,577,999	3,748,198

The tea plant requires seven years before coming to perfection. So that the full influence of the greatly increased area under cultivation cannot be felt in the market for some time.

CUBAN TAXES LARGELY INCREASED.

The Havana official *Gazette*, of June 14, publishes various orders of the Director-General of Finances, requiring that . . . from and after the 1st of July, railroad companies and coast steamers shall augment passenger rates fifteen per cent., and the tariff on merchandise three per cent., for the benefit of the Treasury; also, from the 1st of July, taxes on cattle for consumption shall be raised fifty per cent. The customs tariff of 1878, being the one now in force, will not be re-formed, but all customs duties thereunder will be raised twenty-five per cent. from and after July 1, excepting upon agricultural machinery, which will continue to pay the same duties as now. Export duties are lowered five per cent. Goods coming from Porto-Rico, having paid duties there, will pay excess, if there be any, according to the Cuban tariff. From the first of July all kinds of stamps and stamped paper are payable in gold, the option to pay in paper money being abrogated. Taxes on mortgages will henceforth be called royal taxes. Taxes upon the transmission of property are raised fifty per cent., as an extraordinary augmentation; and the transfer of all kinds of movable valuables by virtue of inheritance will be charged one per cent.

SWISS SILK INDUSTRY.—The *Dry Goods Reporter* says: "The silk factories of Switzerland are grouped principally around Zurich for the stuffs, and of Bale for the ribbons. These occupy 21,000 looms, the annual produce of which is a total value of from 130 to 150 millions of francs. Its manufacturing industry centers principally in the canton of Bale. The making of silk ribbons was introduced after the repeal of the edict of Nantes, by French fugitives, the descendants of whom form to-day a part of the noble families of the town. In 1810, the canton of Bale had from 500 to 600 looms for silk ribbons of different kinds, plain or brocaded and figured, of which the quantity produced was to the value of at least ten million francs. About 1830 these figures had doubled. It was in 1872 that the silk manufacture of Bale attained its height. Then, of a total production of ribbons in Switzerland, of sixty-five million francs, Bale alone made upwards of sixty millions. About the same time the number of power looms for ribbons amounted to 9,156, namely:

	<i>Looms.</i>
For Bale town and district.....	7,562
For the other cantons of Switzerland.....	1,594
Total.....	9,156

It is estimated that the 7,562 looms of Bale employ about 6,000 work people of both sexes, in the town and its suburbs, and sixty designers and others. They consume annually 400,000 kilogrammes of conditioned silk, and produce 125 million yards of ribbons. From recent statistics, published on the occasion of a new federal law on labor in the factories, the silk industry of Bale only manufactured in 1875 a total value of forty-five million francs."

PENNSYLVANIA LAW.—The *American Railroad Journal* says: "Under the laws of Pennsylvania the railroad companies are required to redeem unused tickets. For instance, if a man purchases a ticket in Jersey City for Pittsburgh, and only travels to Philadelphia, he can take it to the main office of the company in that city and have it redeemed, after the amount of the full rate of fare between New York and Philadelphia has been deducted. The company has redeemed as high as \$4,000 worth of tickets in one month, under this arrangement."

A NEW BUILDING MATERIAL.

In our number for November, 1879, we gave a brief account of a newly discovered process for utilizing the slag of blast-furnaces. Hitherto this material has not only been useless, but the disposal of this enormous production has been a heavy charge upon the expense of the iron business. The following description of the new discovery we take from the *Northwestern Lumberman* :

While there is no reason to fear that the day will ever come when clay of a quality suitable for brick making will not be found in abundance in all parts of the civilized world, nor yet that there will ever be a lack of good building stone for foundations, it is nevertheless true that the discovery of a ready means for making brick, which shall equal stone in exposed positions or in wet foundations, will, in many localities, where stone is expensive and brick cannot be obtained of suitable toughness and durability, prove a great boon. In the manufacture of iron and steel, great quantities of furnace slag accumulate, which has had no value except as in certain locations it has been utilized to make solid road beds, for which purpose it is in some localities preferred to stone at equal cost. With the constantly increasing production of iron and steel, the supply of slag is being increased to such extent that in many places it is a problem how to dispose of it.

Our English neighbors have discovered a means of utilizing it, which, in the case of a furnace located near a city where there is a demand for building material, cannot fail to render the slag a source of increased profit in place of a source of expense. For each ton of iron made, 25 cwt. of slag is produced, occupying in the aggregate something like six times the space filled by the iron produced. The output of slag from the English furnaces is estimated at 8,000,000 tons per year, occupying a space when loosely dumped of 170,000,000 cubic feet. At the Cleveland, England, slag works, the hitherto useless material is ground into sand, which being mixed in a hopper with a certain proportion of selenic lime, with an addition of iron oxides, is then pressed into brick of nine by four and one-half by two and one-half inches, weighing, when ready for use, about two and one-fourth tons per thousand, or about thirty per cent. less than the ordinary red brick of the same dimensions. These bricks are manufactured at a total cost, all told, of ten shillings six pence sterling, or two dollars and sixty-two and one-half cents per thousand. After leaving the press, the bricks are not burned, but are placed in sheds for a week or ten days, after which they are stacked in the open air for five or six weeks, when they are ready for use. We have then the curious anomaly of bricks made without burning, in the manufacture of which a wet season is favorable to the hardening process. These bricks are said to be very tough, do not split when a nail is driven into them, are easily cut, do not break in transit and the frost has no effect upon them. Bricks three years old carried a pressure of twenty-one tons before crushing, those of four months old crushing under a pressure of nine tons, showing increased toughness with age. The selenic lime is prepared by mixing eighty per cent. unslacked common lime with ten per cent. of raw gypsum and ten per cent. of iron oxides calcined; these are all ground together into a fine powder, under edge rollers. The composition passes through a sieve of twenty-four meshes to the inch, when it is ready for use. To each thousand bricks, 6 cwt. of lime is used; no water is added, sufficient being held in suspension by the slag sand; in fact it is said that an excess is found under the pressure to which the brick is subjected. The waste in manufacture is said to be not over one and one-half per cent.

These bricks are said to become harder from age, and to harden under water more readily than in the air. This is not surprising when we reflect that a superior article of cement, said to be far better than the celebrated

Portland, is manufactured from furnace slag. At the Cleveland slag works, the walls of the buildings being between sixty and seventy feet high, and the basement walls two and one-half feet thick, constructed of the slag brick, it became necessary to cut two openings in the basement walls at different points. These openings were $3\frac{1}{2} \times 6$ feet, and it required two good workmen with sledge hammers and steel bars, working four days upon each doorway, to complete the openings. Experiments have shown the superiority of these bricks for foundations under heavy machinery in rolling-mills and elsewhere. This fact would mark their value in any locality where tensile strength and durability is a requisite, and their uniform size and portability would be a strong recommendation in all locations. In the neighborhood of a large city like Chicago, where the quantity of slag produced is something enormous, every ton of this now comparatively waste material would find ready sale, while in all parts of the country where the iron industry is prosecuted, a large field for production is presented, and the cheapness with which the bricks could be manufactured, and the ready means at hand for their transportation, would speedily create a demand sufficient to absorb the entire product of the country at handsomely remunerative prices.

CANADIAN LOAN COMPANIES.

[FROM THE MONETARY TIMES OF TORONTO.]

The report made to the Ontario Legislature by the Loan Companies for 1879 has been issued, and we observe that these associations are still designated in it as "Building Societies," an appellation which some of them have outgrown, and which to others of them has never been applicable. It may not be amiss to remind the Ontario Treasury Department that since, in 1874, the most of the Building Societies, then so-called, had their names changed by statute to "Loan and Savings Societies," the latter would form a more appropriate heading for an official return of this kind.

The size of return has steadily increased, until a sheet 14x42 inches is now required to contain it. Indeed, although as our readers know, we have, since 1873, printed the return in full, or nearly so, in these columns, giving tabulated details as to thirty-seven companies for 1878 and 1877, the list of companies making returns has so grown as to be beyond the limits of two of our pages. We can, therefore, no longer continue the reproduction of the complete return, but give, instead, elsewhere in this issue, a table conveying the most important items of information about the operations of seventeen of the principal companies.

The forty companies making returns for 1878 have grown to forty-six in the present return, the new ones being the Canada Loan and Banking Co., and the Canada Loan Co. of Hamilton; a confusing similarity of titles; the Ontario Loan and Savings Co., of London, which is virtually one with the Ontario Loan and Debenture Co., of the same city, a division being made on account of deposits; the Elgin Loan and Savings Co., of St. Thomas; the Capital Mutual Building Society, of Ottawa, and the Royal Standard Loan Co.

The total capital of the forty-six companies included in this return is no less than \$17,387,288, of which \$2,839,000 is accumulating stock, the remainder being fixed or permanent stock. A comparison will give an idea of the increase in the amount of capital used by these societies for loaning upon landed credit:

<i>Year.</i>	<i>No. Companies.</i>	<i>Am't paid capital.</i>
1873.....	19	5,870,000
1875.....	30	9,408,000
1877.....	39	11,818,000
1879.....	46	14,292,000

But it is not to be supposed that this completes the list. There are in Ontario a dozen other companies, acting under Dominion, or even British, charters, which do not report to the Provincial Government. A bill is now before the Ottawa House which aims to compel all companies loaning money to make yearly returns to the central Government. The paid-up capital of these is probably in all \$4,200,000, making the aggregate \$18,492,000. The total of the loans of all such societies, which we placed last year at \$44,000,000, probably now exceeds that figure. To them may be added a considerable sum loaned by our insurance companies, fire and life.

A good view of the extent and importance of these societies' operations may be gathered from the groups of figures below, relating to forty-five societies embraced in the Ontario returns.

Total assets of the Companies.....	\$ 33,940,000
Of which mortgages form.....	30,504,000
Loans on stock.....	341,000
Real estate owned.....	690,000
Cash and securities.....	2,474,000

A very small proportion only of the last item is composed of municipal bonds, probably four-fifths of it is cash on hand or in bank. The loans on the security of shares of the companies are of very small amount. The item of real estate owned by the companies has increased from \$234,000 in 1877 and \$415,000 in 1878 to \$690,000 at close of last year; showing a somewhat unwelcome growth in this particular, and a prospect of much further increase during the current year. We remark that compulsory proceedings have been taken during 1879 by thirty-nine of the companies on 1,037 mortgages aggregating \$1,771,000, compared with 638 mortgages for \$1,111,000 in 1878. The percentage on which proceedings were taken, which was 3.75 in 1878, has increased to 5.71 per cent., a fair indication of the times.

Of the total liabilities of companies to the public (\$14,820,000) there are

Due depositors.....	\$ 8,847,000
" on debentures, Britain.....	5,817,000
" " " Canada.....	102,665
" to stockholders.....	18,675,000
Reserve funds.....	2,839,000
Contingent funds and unappropriated profits.....	209,000

It is of interest as showing the growth of business among a certain group of companies that, taking the forty companies which in 1878 reported assets of \$31,158,000, the same companies reported in 1879 assets of \$33,940,000, an increase of \$2,782,000 or 8.20 per cent. No less a sum than \$1,404,434 was paid in dividends during the year by the companies embraced in this return. The average dividend, if we estimate it upon the accumulating as well as on the permanent stock, was 8¼ per cent., but if upon the fixed capital alone, it was nearly ten.

Deposits to the amount of \$10,218,000 were placed in the hands of forty-one companies, and \$9,628,000 was paid back to the depositors within the twelve month. Loans were made in 1879 by the societies to the amount of \$7,185,000, a marked falling off from the \$9,799,000 loaned in 1878 by a smaller number of societies, and indicating that the demand for money on landed security is becoming more nearly satisfied, and they received back from their borrowers in the same period, \$8,072,336.

The rate of interest paid upon debentures ranges from 5.20 per cent. in the case of the Canada Permanent, the largest company, to seven per cent. paid by the London Loan Company. The rate paid for deposits was, in the great majority of them, from four to six per cent. Some newer companies paid more than six, indeed, two paid seven, in which we cannot think them wise, for the leading companies are reducing their rates.

THE LAW OF WAREHOUSE RECEIPTS.

[FROM THE CENTRAL LAW JOURNAL.]

Warehouse receipts are of comparatively recent origin. They are said to be quasi-negotiable, a peculiar phrase of the law by which a distinction is drawn between such instruments and bills of exchange and promissory notes. By statute in some of the States (Wisconsin Stat. 1860, ch. 340, ch. 73-91, 1863; Illinois Stat. 1867, p. 180; Kentucky Stat. March 6, 1869, *Missouri Cent. Sav. Bank v. Garrison*, 2 Mo. [App.] 58,) they have been made negotiable, so that the assignee may sue in his own name, both the property and the right of action vesting in him.

The case of *Lickbarrow v. Mason* (1 Smith's Lead. Cas. pt. 2, p. 1147) has been often cited as a leading one, establishing the assignability of warehouse receipts, though that case had a special reference to the assignable qualities of a bill of lading. The principle was there laid down that the right of stopping goods *in transitu* to an insolvent consignee, may be defeated by a sale to a third person by a transfer and indorsement of the bill of lading for valuable consideration. This judgment was reversed by Lord Loughborough, of the Exchequer Chamber, who held that a bill of lading was not negotiable as a bill of exchange, but assignable, and passed such right and no better, as the person assigning had in it. "This proposition," said he, "I confirm by the consideration that actual delivery of the goods does not transfer an absolute ownership in them without a title of property, and that the indorsement of a bill of lading, as it cannot in any case transfer more right than the actual delivery, cannot in every case pass the property. And I therefore infer that the mere indorsement can in no case convey an absolute property." This judgment was in turn reversed by the House of Lords, Mr. Justice Buller delivering the opinion, and holding that, "every authority which could be adduced from the earliest time, agreed that at law the property passed as absolutely by the indorsement of the bill of lading as if the goods had been actually delivered into the hands of the consignee."

Under the common law, bills of lading were never held on a footing with bills of exchange. and their negotiability in England was only the result of statute law. In the leading case of *Thompson v. Dominy* (14 M. and W. 403) it was held that a bill of lading was not negotiable like a bill of exchange to enable the indorsee to sue in his own name, and that the effect of the indorsement was only to transfer the property in the goods, but not the contract itself; and it was not until the passage of the statutes 18 and 19 Vic., ch. 3, that these instruments were in effect made transferable by indorsement so that the indorsee could bring an action in his own name. By the first section of that act, rights of action and liability upon the bill of lading were to vest in and bind the consignee or indorsee to whom the property in the goods should pass.

The doctrine of assignability was recognized by the Supreme Court of the United States (*Conard v. Atlantic Ins. Co.*, N. Y., 1 Pet. 386) when Mr. Justice Story said: "By the well-settled principles of commercial law, the consignee is thus constituted the authorized agent of the owner, whoever he may be, to receive the goods, and by his indorsements of the bill of lading to a *bona fide* purchaser for a valuable consideration without notice of any adverse interests, the latter becomes as against all the world the owner of the goods. This is the result of the principle that bills of lading are transferable by indorsement and thus may pass the property." The same principle was held applicable to warehouse certificates by that court in a case (*Gibson v. Stevens*, 8 How. 384) where a commission merchant had made advances to the owners of merchandise and received warehouse certificates therefor and an order to deliver the property specified to him. Chief Justice Taney said: "In the opinion of the court it [the certificate] transferred to him the legal title and constructive possession of the property; and the warehouseman from the time

of this transfer became his bailee and held the pork and flour for him. The delivery of the evidences of title, and the orders indorsed upon them, was equivalent . . . to the delivery of the property itself." This doctrine has been strictly adhered to by the United States courts (*Harris v. Bradley*, 2 Dillon, 285; *McNeil v. Hill*, 1 Woolworth, 96; *First Nat. Bank, Cin. v. Bates*; Cin. Law Bulletin, vol. 5, No. 5, S. D. Ohio, Swing, J.), as well as by the State courts, in numerous decisions. In one case where a levy was made upon property transferred to defendants by the delivery of a warehouse receipt, the court decided that the legal effect of such warehouse receipt was to pass the property to the holder, and the levy was unlawful, and said: "Receipts of this kind are like bills of lading, drafts, bills of exchange, etc., instruments *sui generis*; and as such from long and general use in commerce and trade have come to have a well understood import among business men . . . and this view of the legal effect of such instruments we think fully sustained by authorities cited by counsel, and especially by the case of *Gibson v. Stevens*." (*Gibson v. Chillicothe Bank*, 11 Ohio St. 419.) The same court used similar language in a later case (*Second Nat. Bank v. Walbridge*, 19 Ohio St. 311), and all of the authorities are conclusive upon this point. (*Hale v. Milwaukee Dock Co.*, 29 Wis. 482; 43 Wis.; *Cochran v. Riby*, 13 Bush 495; *Burton v. Curyea*, 40 Ill. 320; *Cool v. Phillips*, 66 Ill. 217; *Broadwell v. Howard*, 77 Ill. 305; *Robson v. Swart*, 14 Minn. 370.)

Besides possessing the quality of assignability or quasi-negotiability, and in some States of negotiability, warehouse receipts operate as an estoppel upon the maker, and by the delivery thereof he is said to be estopped from denying that he has goods mentioned therein; not that he has the particular goods, however, for while it is held that a warehouseman is estopped by his statement and promises in an ordinary warehouse receipt to deny that he has articles mentioned therein, in an action by an indorsee or assignee who has purchased the paper in good faith (*McNeil v. Hill, supra*), the principle of estoppel has not been held to govern in cases where the description in the receipt does not correspond with the goods which it represents. This was so decided in a case (*Robson v. Swart, supra*) where a warehouseman received a quantity of wheat from the owner upon an agreement to "safely store and keep said wheat until a return thereof should be demanded by said F or his assigns." Upon receipt of each load of the wheat S issued to F memoranda in this form: "No. 711. Account. A. P. Foster, 4½.25 bbls. No. 2 wheat. A. P. Foster, 20 sacks. A. P. Foster." The wheat turned out to be of an inferior quality to that represented in the receipt. F sold the wheat to G, who sold it to R. At each sale a memorandum was transferred to the purchaser with a written order from F to S directing S to deliver the wheat to bearer. At the time of the purchase R had no knowledge of the amount and quality of the wheat except what appeared from the memoranda. Upon tender of the charges and demand of the wheat S tendered and offered to deliver to R the identical wheat stored, but R refused to receive it. The court held that S was not estopped by the memoranda from showing that the wheat was of a quality inferior to that stated in the certificate, and that his tender and offer to deliver to R the identical wheat was a sufficient offer to perform the contract. The court said: "The memoranda taken alone do not express the terms of any contract. They are a part only of the transactions between the original parties, and their significance is only made apparent by the further facts found, showing the circumstances under which and the purposes for which they were issued. The contract between F and the defendant is not then embodied in the memoranda, and it is not from the consideration of them alone that we are to determine the rights and obligations of the parties to this action. . . . Even if the memoranda were formal warehouse receipts, fully expressing the terms upon which the wheat was delivered and accepted by defendant, they would not estop the defendant as against F from showing that the wheat received was of an inferior grade. . . . The same rule must apply to these memoranda, for they are certainly nothing more than receipts." So where in an action upon the following warehouse receipts (*Hale v. Milwaukee Dock Co.*, 23 Wis. 280): "Received in store from M on account of bearer fifty-four barrels

mess pork, deliverable on return of this receipt and payment of storage," it was contended that defendants were estopped to deny that the barrels contained mess pork and had no right to inspect their contents when in fact they contained salt. Cole, C. J., said: "Now it seems to me that the defendants being warehousemen may well be estopped as against one who takes the warehouse receipt for a valuable consideration from denying the truth of the statements to which it gives credit by its signature, so far as those statements relate to matters which are or ought to be within its knowledge or the knowledge of its agents: but with respect to things not open to inspection and visible like the contents of the pork barrels, it ought not to be concluded by a description of the property in the receipt. This is the rule applied in the case of receipts or bills of lading, given by common carriers as to the interior condition of property shipped, and we can not see why it is not also applicable to the case at bar;" a doctrine which was before enunciated (*Grier v. Nickle*, 1 Am. Law Reg. 119) where it was laid down that a bailee who gives a receipt for goods is not bound to open and examine the packages, and that he is not responsible for their contents to one who advances money on the faith of the receipt.

Nor is the warehouseman estopped from showing that he issued by mistake two receipts for the same property, in an action by the assignee of the first receipt against him, in the absence of fraud. (*Second Nat. Bank v. Walbridge*, 19 Ohio St. 419.) Defendants, warehousemen, had received fifty-seven barrels of oil in storage for Lewis and Son, who were indebted to the Second National Bank of Toledo, plaintiffs. Defendants had issued to Lewis and Son, a warehouse receipt for fifteen barrels, part of the fifty-seven barrels, and took up this receipt and issued a new one for the whole fifty-seven barrels, which was indorsed and assigned by Lewis and Son to the plaintiffs and presented by them to defendants. Previous to this defendants had issued a warehouse receipt to Lewis and Son for forty-two barrels of oil, and this receipt had been transferred to the First National Bank of Toledo. After the delivery of the oil to the plaintiffs it was taken from their possession by replevin at suit of the First National Bank. It was shown in evidence that when the receipt for fifty-seven barrels was given, neither defendants, Lewis and Son, nor the Second National Bank had any actual knowledge of the existence of the receipt for forty-two barrels; that receipt had been obtained and transferred by a former clerk of Lewis and Son, without the knowledge of the partners, and was not entered on the books of the firm. It was issued by a clerk of defendants who was absent from the office when that for fifty-seven barrels was called for and issued. "In the present case," the court concluded, "it is to be observed that we have in this State no statute affecting the rights of the parties, and, in the absence of such statute, we are of the opinion that defendant is not estopped from showing, as against the plaintiff, the mistake in the issuing of the receipt as a defence to the action."

But where a warehouseman had given a receipt for grain and had stated to one who made advances on the strength of the statement that the holder of the receipt had grain in storage when in fact he had none, the warehouseman was held estopped from denying that he had no grain in storage (*Griswold v. Haven*, 25 N. Y. 596), in which case the estoppel was held to arise on the false representations of one of the defendants which was directly made to and relied upon by the plaintiff in making his advances. And warehousemen who give their receipts for goods on storage are estopped from setting up a want of segregation of the goods receipted for from other goods, in an action against them by the holder of the receipt for the conversion of the goods by a seizure in an action against the vender of the plaintiff. (*Goodwin v. Scannell*, 6, Cal. 541.)

Where the goods stored had been mixed up with others of the same kind by the warehousemen so that their identity is lost, it has been held that the warehouse receipts cannot be regarded as the property or representing the property of the consignor on account of the receipt of whose grain it is issued, so that parting with that particular receipt by a consignee can be regarded as a disposal of a consignor's property. (*Bailey v. Bensley*, 8 Cent. L. J. 50.)

The court said: "We do not see how, as appellant claims, the warehouseman's receipt can be regarded as the property or as representing the property of the consignor on account of the receipt of whose grain it issued so that the parting with such particular property is a disposal of the consignor's property. The grain on being received at the warehouse is stored in common bins, mixed with other grain, and loses its identity and becomes incapable of specific designation. The amount of grain is credited to the consignee. The warehouse receipt is given to consignee as his voucher that he has in that warehouse not the grain of the consignor nor any particular grain but a certain number of bushels of grain of the kind and grade mentioned in the receipt, subject to his order and disposal."

LEGAL MISCELLANY.

PARTNERSHIP IN STOCK TRANSACTIONS.—In 1878, William A. Bushnell, book-keeper of the law firm of Butler, Stillman & Hubbard, absconded, when it was discovered that he had abstracted from the safe bonds which belonged to Mr. Butler, and had used them in stock speculations. Mr. Butler's loss was \$28,894. Bushnell had carried on his stock speculations under an agreement with Eugene Finck, his brother-in-law. Finck was to furnish information of such a character as to justify the purchase of stocks and was to conduct the operations. Bushnell furnishing the margins. In April, 1878, Finck received from Bushnell, as his share of the profits, \$6,818. After Bushnell's disappearance Mr. Butler endeavored to obtain an accounting from Finck of the moneys which he had received, and failing, sued him in the Supreme Court. The court directed a verdict to be given in favor of the plaintiff for the full amount of his loss by Bushnell's speculations, on the assumption that Finck and Bushnell were copartners in the transactions and that the defendant was therefore responsible, not only for the amount which he had received from Bushnell but for the entire amount that was lost by the abstraction of the bonds.

The General Term has just handed down a decision reversing this judgment and granting a new trial. Justice Brady expresses doubt in his opinion as to whether the relations between Bushnell and Finck constituted a partnership. At all events, the evidence went to show that Finck did not know of the manner in which Bushnell obtained the margin, and as the joint transactions were prosperous, "there would seem to have been no claim upon Finck for anything more than the sum which was paid to him out of the property of the plaintiff, namely, \$6,818, with interest; because the balance claimed by the plaintiff was the result of individual operations by Bushnell for his benefit alone, having no connection with the joint transactions. . . . It is impossible to understand, on any sustainable theory that this case presents, why the defendant should be called upon to pay the loss resulting to the plaintiff from the abstraction of the bonds." Justice BARRETT concurs.

UNITED STATES SUPREME COURT—EQUITIES BETWEEN ORIGINAL PARTIES TO A PROMISSORY NOTE.—*The Brooklyn City and Newtown Railroad Company, plaintiff in error, vs. The National Bank of the Republic of New York City.*—In error to the Circuit Court of the United States for the Southern District of New York.

This was a suit brought upon a promissory note for \$5,000, made by the Railroad Company to the order of its treasurer, and by the latter transferred to Hutchinson & Ingersoll, note brokers, for the purpose of getting the money upon it. Through Hutchinson & Ingersoll it came into the hands of the bank. The bank demanded payment from the makers, but the makers plead existing offset and equities between themselves and Hutchinson & Ingersoll, and insisted that upon payment of \$600 to the latter they were entitled to receive back their note. The question is one of considerable interest and importance in commercial law. This court holds that a note taken in payment of a pre-

existing debt is taken in the usual course of business, and that in the hands of such a taker it may be enforced without reference to equities existing between the makers and the parties to whom they originally transferred it. This ruling is contrary to the decision of the New York State courts in such cases, but this court holds that the decisions of the State courts merely announce a general rule of commercial law and are not binding upon the courts of the United States. Judgment affirmed with costs and interest. Opinion by Justice HARLAN, Justice MILLER dissenting. Justice CLIFFORD read concurring opinion.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

RATIFICATION OF FORGERY—WHEN NOT EFFECTIVE.—The name of defendant below as indorser of a promissory note was forged. After the note came into the possession of plaintiffs below, defendant, without a new consideration, ratified the indorsement. *Held*, that defendant did not, by such ratification, render the indorsement valid and enforceable against him. *McHugh v. Schuylkill Co.*, 17 Sm. 391. Where the fraud is of such a character as to involve a crime, the ratification of the act from which it springs is opposed to public policy, and hence cannot be permitted, but where the transaction is contrary only to good faith and fair dealing; where it affects individual interests, and nothing else, ratification is allowable. *Shisler v. Vandike*. Penn. Supreme Court. Opinion by GORDON, J. Decided January 26, 1880.

TAXATION OF SECURITIES OF OTHER STATES EXEMPT BY LAW OF STATE ISSUING.—The power of taxation may be exercised by this State upon stocks, bonds or other certificates of public debt issued by other sovereign States, or by municipalities created by them, which are exempted by the States issuing them, and owned by citizens or residents of this State. The contract of exemption is limited to the State granting it, as its authority is only co-extensive with its territory, and cannot operate on the rights and powers of other States. The *situs* of the stock being that of the domicile of its holder, his property is subject to the sovereign powers of the State wherein he resides. Whether this power should be exercised or not is a legislative, not a judicial, question. The owner being under the constitutional obligation, bound to contribute to the support of the government, according to his actual worth in real or personal property, he cannot complain if he is fairly taxed by the Legislature of his domicile. Taxation and representation are correlative rights. Whenever a citizen or resident is represented actually or constructively, he is presumed to owe obedience to the laws of the State which protects him. They secure every right which he enjoys, and the State is entitled to all the means necessary to maintain them. *Appeal Tax Court of Baltimore v. Patterson*. Maryland Court of Appeals. Opinion by BOWIE, J.

TRANSFER OF STOCK IN A NATIONAL BANK WHEN GOVERNED BY STATE LAWS—EXECUTOR.—Stock in a National bank, being declared by act of Congress to be the personal property of the shareholder, has all the necessary incidents of such, liable to transfer by sale, and all other means ordinarily applicable to such property. On the owner's death it passes to his legal representatives and is disposed of under the laws of the State in the usual course of administration as any other personalty of which he may die possessed. Accordingly, where a National bank had not (as it might have under U. S. R. S., § 5139) prescribed a mode of transfer of its stock, *held*, that a transfer of stock by a foreign executor, in accordance with the statute law of the State in which it was located in regard to the transfer of corporate stock, was valid, and that a suit would lie to compel the officers of the bank to recognize such transfer and issue a certificate to the transferee. U. S. Circuit Court, E. D. Pennsylvania, Feb. 10, 1880. *Hobbs v. Western National Bank*. Opinion by BUTLER, J.

NEGOTIABLE INSTRUMENT—NOTE INDORSED "SUBJECT TO CONTRACT"
NOT—ALTERATION.—(1) A promissory note payable to order contained this: "This note is subject to a contract made Nov. 13, 1874," indorsed across it. *Held*, that the note was not negotiable, and an assignee thereof took it sub-

ject to the equities. In *Jones v. Fales*, 4 Mass. 245, a note was given in the usual form on which, at the bottom, was written "foreign bills," and these words were held to destroy its negotiability. In *Amer. Ex. Bank v. Blanchard*, 7 Allen 333, the words "subject to the policy" were held to incorporate the policy into the contract for the payment of money, and to make the latter dependent on the contingency that no claim would arise on the policy against the company before the expiration of the time when the promise would mature. As the promise was conditional and not absolute, the note was held not to be negotiable. In *Benedict v. Cowden*, 49 N. Y. 396, the facts were somewhat similar to those of the case at bar. The defendant gave his note at the bottom of which were these words: "The above note to be paid from the profits of machines when sold." This memorandum was held to be a substantive part of the note and that it qualified it the same as if it had been inserted in the body of the instrument, and consequently that the note was not negotiable. The assignee takes it subject to all the equities between the original parties. (2) It was claimed the word "to" in the indorsement was, after the execution of the note, altered to "of." Held, an immaterial alteration, not affecting the rights or liabilities of the parties. In *Aldous v. Cornwell*, L. R., 3 Q. B. 573, it was held that the second resolution in Pigot's case (11 Rep. at fol. 27a) that "if the obligee himself alters the deed . . . although it is in words not material, yet the deed is void," was not to be regarded as law. "No authority was cited," remarks Lush, J., "nor are we able to find any, in which the doctrine has been acted upon, and an instrument held to be avoided by an immaterial alteration." In *Langdon v. Paul*, 20 Vt. 217, where the plaintiff offered a sealed instrument in which he acknowledged he had "signed" certain notes, and the words "and executed" were interlined, it was held that the interlineation was immaterial. Whenever, by the alteration of a promissory note, neither the rights nor interests, duties nor obligation of either of the parties are in any manner changed, the alteration is immaterial. *Derby v. Thrall*, 44 Vt. 413; *Arnold v. Jones*, 2 R. I. 345; *Ames v. Coburn*, 11 Gray, 390; *Cole v. Hills*, 44 N. H. 227. Maine Sup. Ct., June, 1879. *Cushing v. Field*. Opinion by APPLETON, C. J.

LONDON AND NEW YORK CLEARING HOUSES.

The transactions of the Clearing Houses of London and New York have been as follows since 1870-1 :

	New York.	London.
1870-'80.....	\$ ———	\$ 26,330,000,000
1878-9.....	24,553,000,000	24,425,000,000
1877-8.....	19,923,000,000	25,332,000,000
1876-7.....	20,876,000,000	24,365,000,000
1875-6.....	19,874,000,000	27,036,000,000
1874-5.....	23,042,000,000	30,065,000,000
1873-4.....	20,850,000,000	29,968,000,000
1872-3.....	33,972,000,000	30,016,000,000
1871-2.....	32,637,000,000	26,798,000,000
1870-1.....	29,300,000,000	20,092,000,000

In the above statement, the New York year ends September 30, and the London year April 30.

As will be seen, the maximum of the clearings was attained in both cities in the same year, 1872-3. The fall from that maximum in New York was more than one-third in a single year, while the fall in London was less than one-fifth over a period of six years. Altogether, these figures strikingly illustrate the violence of the contraction to which the business of this country was subjected after September, 1873.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I.—ACCEPTANCE OF DRAFT BY POST-DATED CHECK.

We present a three-days'-sight draft drawn on a firm doing business in our city.

They positively refuse to write their acceptance upon the draft, but give us their check for the amount of the acceptance on another bank in the city, and date the check the day the acceptance would mature (if they had accepted the draft to-day).

They claim that this is an acceptance of the draft, if we will pin the draft to the check and present them together for payment on day of maturity.

Would you consider that we were justified in accepting the check under these conditions for an acceptance?

REPLY.—It is said in *Chitty on Bills* to be the general rule of the law merchant, that the holder of a bill may in all cases insist on an absolute acceptance in writing, on the face of the bill, according to the very terms of the bill, and in default thereof may consider the bill dishonored. We think the rule thus stated is good law and good sense, and that banks, in the prosecution of their business, and especially when they are acting as agents for collection, should insist upon a strict compliance with it. Only by so doing can embarrassing questions be avoided, and the business conducted with safety. We should, therefore, advise that the draft in this case be treated as dishonored. Nevertheless, it should be added that, *if the holder do not insist upon it*, the acceptance need not be written on the bill, or even be in writing anywhere, to bind the drawee; and we are inclined to think that what was offered in this case might be treated as an acceptance payable at the bank on which the check was drawn. But acquiescence by the holder, in what was offered, might throw upon it the decision, *at its own risk*, of several troublesome questions, and which it ought not to be called upon to decide. For example, suppose the check were not paid, and that the draft must be protested for non-payment, should demand be made by the notary at the bank upon which the check was drawn, at the place of business of the drawees, or at both places?

II.—PROTEST FOR NON-ACCEPTANCE OF A TIME DRAFT.

Is it necessary to protest a time draft for non-acceptance? or is it only necessary to "note" for non-acceptance and hold draft till maturity and then protest if not paid?

REPLY.—We suppose the inquirer means to ask whether it is necessary that the notary should make a certificate of the protest for non-acceptance. It is well settled that such certificate is necessary, and that a mere "noting" is not sufficient. The protest of a bill is said to require three distinct steps. 1st, presentment; 2d, noting the dishonor; 3d, extending the protest. The noting

is merely a minute of the facts upon which the subsequent certificate of protest is founded. It is a kind of "initial protest," not sufficient as a protest, but sufficient in the meantime, if the certificate is regularly extended afterwards, which may be done at almost any time whenever the fact of the protest is to be proved or relied upon. But the necessary formalities of a protest are not satisfied unless the certificate is fully extended.

It should be remembered that a time draft, unless payable after sight, need not be presented for acceptance before maturity; but if it is actually presented and acceptance is refused, the draft is then dishonored and must be protested at once. The holder having, by this protest and notice, fixed the liability of the other parties to the draft, may look to them immediately, and need not wait for the maturity of the draft, or present it again for payment.

III.—CROSSED CHEQUES.

I am informed that the banks in Great Britain are not liable in case they pay checks or bills of exchange to a wrong party, although payable to order; in other words, that all checks or drafts on them are treated as though they were payable to bearer, unless such check or draft be *crossed*.

Will you have the goodness to describe this crossing process?

REPLY.—It is by statute, and not at common law, that banks and bankers in Great Britain are not liable if they pay a check to the wrong party, but this statute applies only to demand checks, and not to bills of exchange.

The crossing of checks was originally a matter of usage only in Great Britain, but was adopted and regulated by statutes passed in 1860, and since revised and amended in the "Crossed Cheques Act" of 1876. Crossing a check, means writing upon it the name of some banker, and this may be done, either by the drawer of the check, or by any holder. The negotiability of the check is not affected by such crossing, but the effect of it is to forbid its payment by the bank on which it is drawn to any other party than the banker with whose name it is crossed. The English usage is not known in the United States.

IV.—LIABILITY FOR FORGERY BY AN AGENT.

A customer of ours, A, who is a real estate broker, buys of us a draft on our New York correspondent and sends it to his agent, B, in a distant part of the State, to take a mortgage upon the farm of C, making the draft payable to B and C, and receives back mortgage, etc., all in good shape. Over a year afterwards, it turns out that the Agent B is a rascal—the mortgage is a forgery, and the endorsement of C on draft is also a forgery. B promptly commits suicide and leaves no estate. A demands payment of draft from bank which cashed draft on endorsement, and is refused, they claiming that principal A is bound by the acts of his agent B. A now produces affidavit of C that his indorsement on said draft is forged, and further, that he never before heard of the transaction, and is not interested in it, and demands duplicate of draft, which we refuse to give. Who is the loser, and where does A commence suit, if at all? Your answer in July number will be looked for by a number of Michigan banks.

REPLY.—We assume from the above statement that the draft was originally payable to the order of A, and was by him indorsed to B and C; and though this is not essential to the view we have taken of the rights of the parties, it will somewhat simplify the course which A must take to secure his rights. A became the owner of the draft, having purchased it of the drawer, and

we do not think he has lost his title to it by reason of what has taken place since the purchase. He put the draft into the hands of his agent B to deliver to C, and delivery, as well as indorsement, being by law necessary to transfer the title, a delivery to C, in other words a delivery to *both* B and C, was necessary to divest A of his title and ownership in the draft. Delivery to B was not enough, because B, being the agent of A, could not fraudulently convert himself into the agent for C, to receive the delivery for both of them. A being still the owner of the draft, and so entitled to the possession of it, will, if well advised, demand of the bank which now has possession of it, that the draft shall be delivered up to him. If this demand is refused, he may then bring an action for the conversion of the draft against the party so refusing, and will recover the amount of it as damages in this action. Or, if the draft has been destroyed, he may bring his action against the party which has destroyed it, and his damages will be the same. The party sued in this form of action will have no defence, for deriving its title to the draft, as it must, through a forged indorsement, it cannot claim to hold the draft as a *bona fide* purchaser; and the retention or destruction of the draft will, as against A, have been wholly unjustifiable. If the draft is delivered up on the demand of A, he may then strike out the indorsement to B and C, present the draft for payment to the drawee, and if it is not paid, recover the amount of it from the drawer. Or, if the draft is payable to B and C, he may procure C's indorsement, if he can, and proceed as before; or, if C's indorsement cannot be obtained, we think he may tender the draft to the drawer, and recover the amount paid for it, as for money paid upon a consideration which has failed.

It seems to us that the New York bank is the only party guilty of any fault in the matter. It has paid a draft upon a forged indorsement, which payment it had no right to charge to the drawer, and we think, as the party in fault, it must ultimately bear the loss, unless, perhaps, in one contingency to be hereafter stated. The proper course for the drawer of the draft would seem to be this. It should give immediate notice of the facts to the New York bank, demand the repayment of the amount of the draft, which we may presume has been charged up to it, and should at once return the draft, if that has been forwarded to it as a voucher, by the drawee. The drawer will thus have fixed its rights against the drawee. It will also, in this way, compel A to bring his suit against the New York bank; for the drawer will not have become liable to A for a conversion of the draft, either having never received it, nor destroyed it, nor refused to deliver it up on demand, in contravention of the rights of A. If, on the contrary, the drawer has received and destroyed the draft, it is liable to A for this destruction, and possibly by so doing, may have lost its right of reclamation against the drawee, by thus depriving it of its remedies against B upon his indorsement. Assuming, however, that the drawer has so far escaped any liability to A for a conversion of the draft, and has not lost its rights against the drawee, the latter will be compelled to pay the amount of the draft a second time upon a judgment for a conversion of the draft, which A may recover against it, but the title to the draft, upon the recovery of this judgment and the payment of the amount thereof to A, will pass by operation of law to the drawee, and the draft may *then* be properly charged up to the drawer's account. We think that A has thus far proceeded impropr-

erly. He was not entitled to demand *payment* of the draft from the drawee without producing the draft itself properly indorsed, and he cannot sue the drawee upon the contract in the draft in any case; nor is he entitled either to sue the drawer upon the draft in its present condition, or to demand a duplicate draft of the drawer, which is only given as a matter of favor. What he is legally entitled to, if anything, is the possession of the draft itself. He should have demanded the possession of it, and if he cannot obtain that, we think his only remedy is in an action for its conversion as above stated. In a matter so complicated as this, we shall be glad to have all the facts before us; and, if our correspondent will send us a full statement as to the condition of the accounts between the drawer and the drawee, and how soon after discovery of the forgery, and what notice and demand was sent to the drawee, the present situation of the draft, both where it is, whether it is now in existence, and if so, whether any of the signatures on it have been cancelled and, if so, how and by whom, and also precisely as to the character of the demands which have been made by A and when they were made, &c., &c., we will discuss the question further in our next number.

NATIONAL BANK AND LEGAL-TENDER CIRCULATION.

STATEMENT of the Comptroller of the Currency on June 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*	343,836,243
Increase during the last month	256,943
Increase since June 1, 1879	15,763,432

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.....	19,521,723
Increase in deposit during the last month.....	394,983
Increase in deposit since June 1, 1879	6,558,581

JOHN JAY KNOX, *Comptroller of the Currency.*

* Circulation of National Gold Banks not included in the above, \$1,347,490.

FINANCIAL MATTERS AT WASHINGTON.

In the House of Representatives, May 25, the Sundry Civil Appropriation bill being under consideration, the following clause was reached :

To enable the Secretary of the Treasury to provide suitable accommodation for the storage of coin, \$ 100,000.

This clause had been inserted in the bill on the strength of the following letter :
TREASURY DEPARTMENT, April 9, 1880.

SIR:—I have the honor to call your attention to the needs of the Government for greater facilities for the storage of silver. Since the passage of the silver bill the accumulation of silver at the various sub-treasuries has been such that it has been necessary to construct several new vaults, which are now being rapidly filled and will soon be crowded to their utmost capacity, as shown by Department letter to you of the 5th ultimo.

At the present rate of coinage it is necessary that extraordinary vault accommodations be provided at an early day, or the Department will find itself in the position of having a large amount of silver coin on hand without means for its protection. The construction of vaults of the required size will involve in some instances essential alterations in, or additions to, existing buildings, and I would respectfully recommend that, if it is the intention of Congress to continue in force the silver bill, \$ 100,000 be appropriated during the present session for providing suitable accommodations for the storage of silver.—Very respectfully,

JOHN SHERMAN, *Secretary of the Treasury.*

Hon. SAMUEL J. RANDALL, *Speaker House of Representatives.*

A long debate ensued, during which it was charged that the accumulation of silver resulted from what was alleged to be illegal conduct on the part of the Secretary of the Treasury in joining the New York Clearing House in repudiating the use of silver. Finally the clause was stricken out of the bill by a vote of 107 to 65.

On the 26th of May, the Sundry Civil Appropriation bill being under consideration in the Committee of the Whole of the House of Representatives, Mr. Downey, of Wyoming, offered the following as an independent paragraph : "To enable the Secretary of the Treasury to provide suitable and sufficient accommodation for the storage of the coin of the United States, he is hereby directed to pay the sums appropriated by this Act in lawful silver coin of the United States."

This was agreed to by a large majority.

In the Senate, May 31, Mr. Eaton called up the joint resolution requesting the President to open negotiations with France, Austria, Spain, and Italy, relative to the removal of the restrictive duty upon the importation of tobacco, and securing for our people an open market to the countries named. Passed.

In the House of Representatives May 31, the Sundry Civil Appropriation bill was considered. The yeas and nays were called on the amendment striking out the clause appropriating \$ 100,000 to enable the Secretary of the Treasury to provide suitable accommodations for the storage of coin. The amendment was agreed to by a vote of : Yeas, 90, nays, 71.

The next vote was on the amendment, adopted on motion of Mr. Downey, as follows : To enable the Secretary of the Treasury to provide suitable and sufficient accommodations for the storage of the coin of the United States, he is hereby directed to pay the sums appropriated by this Act in lawful silver coin of the United States. It was adopted by a vote of 105 to 58.

In the House, June 1, the Deficiency bill was under consideration and contains a clause appropriating \$ 20,000 to enable the Secretary to provide storage for silver coin.

Mr. Dwight moved to increase the appropriation to \$ 75,000, but this motion was lost.

Mr. Bland moved to strike out the clause and to insert as a substitute a direction that all the sums appropriated in the bill should be paid in silver dollars.

Mr. Hayes moved as an addition to Mr. Bland's motion, that the salaries of members of Congress should be paid in silver dollars. This was agreed to by a vote of 62 to 42.

Messrs. Ewing and Warner were in favor of paying the appropriations made in the bill, not in silver dollars, but in silver certificates, and insisted that the policy of the silver law of February 28, 1878, was to meet the objection to the cumbrousness of silver by providing for the issue of certificates. They argued that it was most convenient, and most economical, because it prevented loss by abrasion, that both gold and silver should be circulated in the form of certificates of deposit.

A letter was read from Mr. Hillhouse, Assistant Treasurer at New York, advising (among other things) that the 3d section of the silver law, which requires certificates to be issued for silver dollars deposited, should be repealed.

Mr. Hiscock offered an amendment to repeal the 3d section of the silver law, but it was decided to be out of order.

Mr. Bland modified his amendment so as to substitute for the clause appropriating \$20,000 for more storage facilities, a clause appropriating \$10,000 to provide storage for such silver dollars as might be deposited for the purpose of obtaining certificates therefor. He said he would not provide storage for money which the Secretary refused to pay out, but was willing to provide storage for any money, either gold or silver, which was deposited by the people for safe keeping.

Mr. Claffin moved as an amendment that the coinage of silver dollars should be reduced to \$1,000,000 per month, but it was ruled to be out of order.

Mr. Kelly was in favor of stopping the coinage of silver dollars altogether, believing that it would reduce the value of silver so low as to ruin the India trade of England, and compel that nation to remonetize silver. He said further that he believed that the attempt in Europe to continue the demonetization of silver, would bring on such distress there as to result in revolution, and that it was bad policy for this country to keep up the price of silver for the benefit of European nations which demonetized it.

In reply to Mr. Kelly, Mr. Bland said: "This Government is able to take care of itself. It is not to our interest for England or Germany to unite with us on this silver question. I maintain that in so far as Germany and other countries are demonetizing silver and banishing that metal from their shores, thus far are they driving their people also away. I maintain further, that in so far as this Government remonetizes silver and thereby revives business here, we draw to our shores the people of Germany and of Great Britain, where silver is not money, because our laws are in harmony with their ideas of justice and right. We know that there is a large immigration now pouring into this country. Why? Where does it come from? From those very countries that have demonetized silver and brought about such a state of affairs that starvation is staring their people in the face. From this source increased immigration will soon flow into our country, giving room for all the silver and all the gold that Europe can spare. We can well afford to allow foreign countries to demonetize silver and thereby banish their working population. Let them come here where silver is money and where their rights are recognized. Mr. Chairman, it is not to our interest to ask England or Germany to interfere with this silver question, but it is to our interest to give unlimited coinage to silver and unlimited invitation to the poverty-stricken people of Europe and of the civilized world to come here and enjoy the rights of a free constitution and the unlimited coinage of silver and gold. This will give us a population to absorb all the discarded silver of Europe."

The House adjourned without disposing of the bill.

In the House, June 2, the consideration of the Deficiency bill was resumed, and the pending question was on Mr. Bland's amendment to strike out an appropriation of \$20,000 for the storage of coin, and insert an appropriation of \$10,000 for the storage of such coin as was deposited in the Treasury by citizens for the purpose of procuring certificates.

Mr. Townshend, of Illinois, moved that all salaries should be paid in silver dollars, but the motion was lost.

The question was then taken on Mr. Bland's amendment and it was rejected.

Mr. Warner, of Ohio, offered an amendment appropriating \$20,000 for the storage of coin and bullion provided that, in exercising on behalf of the Government, the option to pay out either gold or silver coin, in the payment of Government expenditures and obligations, the Secretary of the Treasury of the United States or any Assistant Treasurer shall not discriminate in favor of or against the coin of either metal for the benefit of any particular person or creditor, nor waive for or on behalf of the Government its right of option in the payment of money: and provided further, that the Secretary of the Treasury shall recede from his arrangement with the New York Clearing House, unless the rules of said Clearing House prohibiting the tender of silver in the settlement of balances, so far as pertains to the United States, be abrogated. It was ruled out on a point of order.

Mr. Gillette, of Iowa, offered an amendment providing that the Secretary of the Treasury shall pay out for the principal and interest of the public debt all the surplus silver coin in the Treasury. This also was ruled out on a point of order raised by Mr. Hiscock.

Mr. Field, of Massachusetts, offered an amendment repealing section 3 of the silver law, and providing that all silver certificates heretofore issued shall be paid in standard silver dollars on demand, and cancelled under such regulations as the Secretary of the Treasury may make. It was ruled out on a point of order raised by Mr. Warner.

Finally on motion of Mr. Warner, the following substitute was adopted for the original clause in the bill: "To enable the Secretary of the Treasury to provide more secure and, if need be, additional vault room for coin and bullion, \$20,000."

In the House, June 3, the Deficiency bill was reported from the Committee of the Whole. In accordance with the agreement made yesterday, Mr. Townshend (Illinois) was permitted to offer an amendment striking out the paragraph appropriating \$20,000 to enable the Secretary of the Treasury to provide more secure vault room for coin and bullion. The question was taken by yeas and nays and the amendment was lost, yeas, 78, nays, 87.

In the House, June 4, Mr. F. Wood (N. Y.) said in view of the probable duration of the session not to exceed a week or ten days, that it would be impossible to pass the Refunding bill now, and as the bonds which are to mature can be provided for next Winter, he wished to state that he would not call up the bill during this session. He added that fifteen members had notified their intention to speak on the bill.

Mr. White, of Louisiana, said he thought the bill could be passed now.

Mr. Weaver said, "you can never pass it."

Mr. Wood then moved that the bill be made the special order for the first Wednesday of next December, but this required unanimous consent, and Mr. Weaver objected.

Mr. Wood then gave notice that on the first Wednesday of next December, he should move to take up the bill.

In the House, June 4, Mr. Prescott, of New York, made a speech upon the refunding bill, in which he urged that in whatever was done very ample options should be reserved to the Government, of the right to pay off debt at early periods. He said: "Remembering that the Government in the past fifteen years of recuperation from war, ruin, and general financial disaster has paid over twenty-nine per cent. of the original debt; that the debt has been reduced in the past eleven months \$74,820,536.52, and for the past month \$15,928,033.87; that the interest charge has been largely reduced and is continually decreasing, there would appear abundant reason for reserving to the Government a right of yearly payment of more than \$40,000,000 per year, and not less than \$75,000,000."

In the Senate, June 8, the Sundry Civil Service Appropriation bill was considered. The committee amendments striking out the requirement to pay all sums appropriated by the Act, in silver coin, and appropriating \$14,000 for more frequent publication of consular reports were adopted.

In the Senate, June 9, the bill repealing all permanent annual appropriations

except the Sinking Fund and interest on the public debt was passed. The provision for 3,65 bonds of the District of Columbia was added.

In the House, June 9, the resolution of the Senate to adjourn on the 16th was agreed to.

In the Senate, June 10, a house bill to repeal the duties on classical antiquities being under consideration, an amendment was adopted, by a vote of 37 to 7, to remit the duties on imported salt used in curing fish and meat for exportation. This amendment was not acted on in the House before the final adjournment.

Aside from the regular annual appropriation bills, the following are the more important public measures that have passed both houses and become laws during the present session of Congress :

An act to provide for celebrating the 100th anniversary of the treaty of peace and the recognition of American independence by holding an international exhibition of arts, manufactures and the products of the soil and mine, in the city of New York in 1883, subject to the supervision and under the auspices of the Government of the United States.

An act to amend the internal revenue laws in regard to the distilleries (known as the "Carlisle bill").

An act authorizing an allowance for loss by leakage or casualty of spirits withdrawn from distillery warehouses for exportation.

An act for the relief of settlers on public lands, allowing their rights to relate back to the date of their settlement, the same as if they had settled under the pre-emption laws.

An act to abolish all tolls at the Louisville and Portland canal.

An act appropriating \$200,000 for the purpose of acquiring sites and the erection of suitable posts for the protection of the Rio Grande frontier.

An act appropriating \$50,000 to complete the survey of the Gettysburg battle-field, and to provide for the compilation and preservation of data showing the various positions and movements of troops at that battle, illustrated by diagrams.

An act authorizing the Secretary of the Navy to introduce cotton cordage in the navy.

An act to provide for the Yorktown centennial celebration.

An act providing for negotiations with certain foreign Governments relative to the importation of tobacco into their dominions.

An act to increase the pensions of wholly disabled soldiers and sailors.

An act to ratify and carry into effect the agreement with the Ute Indians.

An act to amend the statutes in regard to immediate transportation of dutiable goods.

An act to regulate the compensation of night inspectors of customs.

An act relating to timber trespasses committed prior to March 1, 1879, relieving the trespassers from prosecution upon payment of the price of the timber.

An act to amend certain sections of the Revised Statutes concerning mineral lands, allowing agents of non-residents to make the affidavits necessary to obtain patents.

An act for the payment of claims of citizens of loyal States for commissary and subsistence stores furnished to the Government during the war of the rebellion.

An act for the payment of the awards of the Southern Claims Commission.

An act to provide for the settlement of all outstanding claims against the District of Columbia.

An act to constitute a joint commission for carrying into effect the French Claims treaty of January 15, 1880.

An act to provide for the repayment of fees, purchase money and commissions paid on void entries of public lands.

Joint resolution for the relief of parties who have made contracts to deliver cut hoop iron prior to a certain date in respect of the duties imposed.

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, 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	\$ 209,481
New Hampshire.	631,865	72,997	55,800	128,797	35,160
Vermont.....	1,753,310	174,097	1,069,340	1,243,437	122,268
Massachusetts	20,498,720	234,800	7,552,300	7,787,100	1,322,018
Rhode Island.....	1,746,820	32,350	870,385	902,735	184,392
Connecticut.....	2,495,360	65,350	1,956,330	2,021,680	615,701
New York.....	20,764,505	2,163,878	23,952,231	26,116,109	6,108,502
New Jersey.....	1,712,165	241,660	1,562,280	1,803,940	394,251
Pennsylvania.....	10,805,140	1,281,426	6,784,321	8,065,747	1,603,779
Delaware.....	232,275	—	—	—	—
Maryland.....	1,274,810	166,600	1,646,380	1,812,980	35,585
Dist. of Columbia.	456,000	422,664	458,060	880,724	64,015
Virginia.....	800,500	915,369	907,510	1,822,879	288,431
West Virginia....	168,310	731,060	319,185	1,050,245	154,030
North Carolina...	1,235,660	128,200	1,012,585	1,140,785	164,429
South Carolina....	90,700	—	953,380	953,380	28,675
Georgia.....	520,350	287,725	437,675	725,400	87,580
Florida.....	45,000	—	—	—	—
Alabama.....	207,000	90,000	139,500	229,500	114,413
Mississippi.....	—	—	—	—	366
Louisiana.....	1,284,610	650,750	2,099,250	2,750,000	186,038
Texas.....	251,100	10,000	229,340	239,340	305
Arkansas.....	144,000	—	144,000	144,000	1,406
Kentucky.....	3,685,430	629,867	1,504,933	2,134,800	414,100
Tennessee.....	647,170	370,401	533,859	904,260	184,761
Missouri.....	767,260	998,510	3,742,390	4,740,900	816,190
Ohio.....	2,809,660	1,583,754	3,077,887	4,661,641	1,043,791
Indiana.....	3,238,880	1,232,097	6,343,483	7,575,580	2,286,084
Illinois.....	2,542,265	1,754,934	6,447,946	8,202,880	993,628
Michigan.....	2,039,410	364,500	2,300,395	2,664,895	550,531
Wisconsin.....	735,530	653,860	1,013,439	1,667,299	449,207
Iowa.....	1,474,900	811,669	1,554,955	2,366,624	419,862
Minnesota.....	1,017,800	420,095	1,316,445	1,736,540	257,448
Kansas.....	147,600	701,721	190,550	972,271	244,111
Nebraska.....	67,500	45,000	233,080	278,080	49,425
Nevada.....	—	—	—	—	2,008
Colorado.....	482,400	138,083	149,400	287,483	25,847
Utah.....	134,900	161,191	196,800	357,991	18,612
Montana.....	84,600	85,300	45,000	130,300	45,208
Wyoming.....	3,600	—	—	—	—
Washington.....	135,000	—	—	—	—
New Mexico.....	90,000	—	—	—	—
Dakota.....	175,500	—	—	—	—
California.....	507,000	—	—	—	—
Totals.....	\$89,425,785	\$18,016,908	\$81,400,414		\$19,521,733
Legal-tender notes deposited prior to June 20, 1874, and remaining at that date.....				3,813,675	
Total deposits.....				\$103,230,997	

JOHN AY KNOX, Comptroller of the Currency.

ANNUAL CONVENTION OF BANKERS.

The following circular has been sent to all banks and bankers in the United States:

THE AMERICAN BANKERS' ASSOCIATION, }
New York, 17th June, 1880. }

DEAR SIR: At a meeting of the Executive Council, held to-day at this office, a resolution was unanimously adopted that our Annual Convention shall be held at Saratoga Springs, N. Y., on the 11th, 12th and 13th of August next. Your Bank is entitled, and is respectfully requested, to send one delegate to attend and vote at the various sessions of the Convention, and to take part in its discussions.

The work of the Association and the proceedings of its Conventions are of vital importance to every citizen connected with the Banking business, either as an officer, a shareholder, a director or a dealer. The majority of our members prefer to meet at Saratoga this year, because it is particularly desirable to have a full attendance from the South and West as well as from other parts of the United States. Recent contingencies have compelled the Banks and Bankers throughout the country to act together, and to seek a closer union, conducive alike to the stability of our Banking System, the harmonious working of our financial machinery, the prevention of panics, the revival of business, the improvement of public and private credit, and the industrial prosperity of the country. We shall prepare and lay before the Convention a report on Bank taxation, showing what has been done at Washington and elsewhere to relieve 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 ruinous taxation of the Banks bears so closely upon the productive growth of the nation, that a conspicuous place will, no doubt, be given to the subject of tax repeal 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. In introducing the discussions during our three days' sessions, addresses will probably be given upon the improvement of business during the year, the causes of industrial spasms and panics, the progress of railroad and telegraphic facilities for banking and commerce, the obligations of the country to the Banks for the continued success of resumption, and for the saving effected by the refunding of the public debt; also upon the growth of our Clearing-House system, the importance of ample capital and reserves in our Banks, the history and development of Banking in the United States, and upon other subjects illustrating the causes of economic growth and decadence, the influence of sound Banking upon credits, and the financial conditions which promote Banking stability, and thus develop the industry, commerce and wealth of the country.

Much of the usefulness of our Association depends on its arrangements for promoting social feeling, and making its members better acquainted with each other. This important object will solicit special attention this year; and with a view to augment the personal interest of our meeting, reminiscences of Banking and Bankers will have a place allotted to them, and familiar addresses will be in order, as well as more elaborate sketches of institutions and their officers. Some practical questions as to the Bankruptcy Law will probably receive attention, with the judicial and legislative proceedings on the subject of taxation and usury in various States during the year. We shall be glad to hear from you upon any of the foregoing topics at your earliest convenience. The present circular is chiefly intended as a preliminary announcement of matters upon which we wish to consult you and the other representatives of State and National Banks, savings institutions, private banks, and trust companies throughout the United States.

Please send us the names of any gentlemen whom you desire to hear address the Convention, mentioning the subjects on which they should be invited to

speak. It has been suggested that speeches should be limited to ten minutes, but without making so rigid a rule for the written papers, the torrid season suggests that the extempore addresses should be brief, so that as many of our members as possible may have an opportunity to speak during the limited time of the Convention.

We shall send you a copy of our Mortuary Record as soon as it is completed. It is larger than usual, and much care has been taken to ensure accuracy. Any information to be inserted in it should be mailed to us at your early convenience.

Yours truly,

JAMES BUELL, *Secretary.*

EUROPEAN FINANCE.—The telegrams below relate to important movements in European finance. The most important is the proposed increase in the British income tax, to take the place of remitted taxes on consumption. The movement in Paris is in the same direction, reducing *octroi* duties, and making the deficiency good by a tax on houses and buildings.

“London, June 10.—The House of Commons was crowded this evening when Mr. Gladstone introduced the supplementary budget. He said that the supplementary estimates, including £30,000 for the Irish fishery piers and harbors, would amount to £200,000, consequently swallowing up Sir Stafford Northcote’s surplus of £184,000. Mr. Gladstone, therefore, proposed to reduce the duty on light foreign wines, up to forty degrees, from one shilling to sixpence, and imposing a sliding scale on the higher qualities. He estimated that this would reduce the £233,000. He also proposed to entirely abolish the malt tax, substituting therefor a beer duty of six shillings per barrel, a consequent loss of £1,100,000. Mr. Gladstone said he proposed to ask in compensation the addition of one penny to the income tax, which he estimated would produce £1,425,000.” Mr. Gladstone’s speech lasted two hours and was warmly received, and the resolutions he proposed were agreed to by the House.

“Paris, June 10.—The municipality of Paris has decided to impose a tax of two-tenths of one per cent on the purchase value of all houses and buildings of every description, the proceeds to be devoted to reducing the *octroi* duties.” The imposition of such a tax requires the assent of the Government.

“Madrid, June 10.—The Minister for the Colonies has nearly completed his arrangements for a Cuban loan of \$85,000,000, which is guaranteed by the revenues of the Custom House and the general sources of revenues of the island, besides a subsidiary guarantee of the mother country. The loan was increased from \$60,000,000 to \$85,000,000 to meet the advances that were made by the Bank of Spain for the military expenses of General Blanco, who, since January, has asked for \$18,000,000. The loan will, it is understood be devoted to refunding the \$40,000,000 still due, on the loans of 1877 and 1878, to bondholders abroad and to Hispano-Colonial syndicates. The rest of the issue will serve to refund their advances to the Banco Espanol, of Havana, the Bank of Spain, several Spanish firms, and to the Lopez transport line the sums advanced by them on the last eighteen months’ issues. This will leave unconsolidated \$125,000,000 of debt of the Cuban Treasury still uncovered.

A London firm, in connection with a bank in Hamburg, and two banks in Paris, have undertaken the negotiation of a Swedish four-per-cent. loan of £2,200,000, at two and a half per cent. discount. Of the proceeds, £1,885,300 are to be devoted to the payment of four-and-a-half and five-per-cent. loans made in 1864 and 1866.

BANKING AND FINANCIAL ITEMS.

COST OF THE CIVIL WAR.—In response to the Senate resolution of March 8 (offered by Mr. Kirkwood), the Secretary of the Treasury has furnished to that body an elaborate statement showing the expenses of the Government "on account of the war of the rebellion from July 1, 1861, to June 30, 1879, inclusive." The statement exhibits the gross expenditures, the ordinary expenditures, and the expenditures growing out of the war in all the various branches of the service either directly or indirectly affected by the war. The grand totals are as follows: Gross expenditures, \$6,796,792,509; ordinary expenditures \$609,549,124; expenditures growing out of the war, \$6,187,243,385. The principal items of the war expenses are the following:

Interest on the public debt, \$1,764,256,198.

Pay of two and three-years' volunteers, \$1,040,102,702.

Subsistence of the army, \$381,417,548; clothing of the army, \$345,543,880; army transportation, \$336,793,885; purchase of horses, \$126,672,423; other quartermaster expenditures (in round numbers), \$320,000,000.

Army pensions, \$407,429,193.

Bounties (including additional bounties under Act of 1866) \$140,281,178.

And in round numbers the following:

Refunded to States for war expenses, \$41,000,000; purchase of arms for volunteers and regulars, \$76,000,000; ordnance supplies, \$56,000,000.

Expenses of assessing and collecting internal revenue, \$113,000,000; expenses of National loans and currency, \$51,523,000; premiums, \$59,738,000.

The war expenditures for the navy (including about \$74,000,000 for pay and \$6,500,000 for navy pensions) aggregate about \$412,000,000.

Among the other detailed items of expenditures growing out of the war are \$5,243,034 for National cemeteries; \$8,546,185 for support of National Home for Disabled Volunteers, and \$88,000 for the purchase of Ford's Theatre, the scene of President Lincoln's assassination.

COUNTERFEIT NATIONAL BANK NOTES.—A very dangerous counterfeit \$100 bill on the National Exchange Bank of Baltimore having lately appeared, it has been intimated that the Comptroller of the Currency would withdraw from circulation all National bank notes of the denomination of \$100. Mr. Knox states that he has no intention of so doing. Such a policy would seriously interfere with business transactions, would involve the preparation of new plates by the Government and the printing of new notes for all the National banks, which in a short time would be just as readily counterfeited. He believes the better way to defeat the circulation of fraudulent notes is by general notification through the press of the appearance of a dangerous counterfeit, naming the bank and denomination, and warning all persons not to receive any notes of such description. This would soon result in sending all such notes, good and bad, to the Treasury for redemption, and would virtually withdraw the bogus notes from circulation. This latest counterfeit is believed to be printed from the same plate as the counterfeit upon a Pittsburgh bank which was circulated quite freely some months since.

Mr. JAMES BUELL, who was compelled by ill-health, some months ago, to retire from the Presidency of the Importers and Traders' National Bank, has been obliged, for the same reason, to resign a similar position in the United States Life Insurance Company. The loss of so able an officer is a matter of much regret. The company is, however, fortunate in being able to promote to the Presidency Mr. T. H. Brosnan, who has hitherto been Superintendent of its agencies.

DIVIDENDS OF INSOLVENT BANKS.—The Comptroller of the Currency has declared the following dividends to the creditors of insolvent National banks since the 15th of January last.

		No. div'd.	Per cent.	Tot. div'd.
Jan.	27. First National Bank, La Crosse, Wis.....	3	.. 10	.. 45
March	1. Central National Bank of Chicago, Ill.....	4	.. 5	.. 60
"	15. New Orleans National Banking Association.	4	.. 5	.. 55
April	29. Commercial National Bank of Saratoga Springs, N. Y.....	4	.. 10	.. 85
May	8. National Bank of the State of Missouri, St. Louis, Mo.....	7	.. 5	.. 80
"	15. German National Bank of Chicago, Ill....	3	.. 10	.. 55
"	25. First National Bank, Monticello, Ind.....	1	.. 30	.. —
"	26. Lock Haven Nat. Bank of Lock Haven, Pa.	8	.. 10	.. 80
June	8. National Bank of Poultney, Vermont.....	3	.. 20	.. 60
"	10. Nat. Exchange Bank, Minneapolis, Minn...	4	.. 13	.. 89
"	14. Charlottesville Nat. B'k, Charlottesville, Va...	5	.. 10	.. 50
"	26. First National Bank, Warrensburg, Mo....	3	.. 40	.. 60
"	— First National Bank, Wichita, Kansas.....	5	.. 10	.. 70

STOCKHOLDERS ASSESSED.—The Comptroller of the Currency has ordered an assessment to be made, to the full amount of their liability, upon the stockholders of the late German-American National Bank in Washington. This will yield about \$135,000, and is expected to pay the depositors the balance due them. It is payable in two installments, July 15 and August 30.

BANK TAXATION.—The Tax Commissioners of New York have refused to recognize the recent decision of the Supreme Court of the United States to the effect that holders of National bank shares are entitled to a deduction for debts, and have also refused to accede to a demand to strike the names of certain bank shareholders from the tax record. The leading banks have therefore united in applying to the Supreme Court for a writ of *certiorari*. The application is to be made by the Bank of Commerce, and upon the result of the decision in this case the others will abide. The contestants include State as well as National banks, a statute passed at the last session, having placed the shareholders in both on an equal footing as regards taxation.

TREASURE FOUND.—An examination of old packages in one of the vaults of the Merchants' National Bank of Baltimore, where they had been locked up years ago, has brought to light property which had been long lost sight of by the original owners. In one of the boxes, the key to which was in the bank, were discovered \$10,000 in first mortgage bonds of the Pennsylvania Railroad, with the interest coupons for the past fifteen years attached, making the aggregate value of the property about \$20,000. These bonds, it has been ascertained, belong to the Hagerstown (Md.) Bank, of which Governor Hamilton is now the President. In dealings between the two banks the bonds were deposited with the Merchants' Bank fifteen years ago as collateral. The then President of Hagerstown Bank, James Dixon Roman, died; the Cashier was superseded, and that bank lost traces of the transaction. The disappearance of the bonds, however, always remained an unpleasant mystery, which is now happily cleared up, and the bank adds \$20,000 more to its surplus.—*Baltimore Sun*.

A BAD FAILURE.—The First National Bank of Newark, N. J., suspended June 11th, and its directors applied for the appointment of a receiver. Its capital of \$300,000 is entirely gone, but the deposits and circulation are said to be safe. The cashier, James A. Hedden, sailed for Europe, a week previously, on leave of absence. The downfall of the bank is said to have begun with the defalcation some years ago of its paying teller, Dovell. When that occurred the public were informed that the amount of Dovell's deficit was \$40,000, and that he had made it good by turning over all his property to the bank. It is now alleged that the defalcation amounted to \$100,000, and that the deficiency was concealed by Hedden at the instance of some of the bank officers. The erection of a bank building, at the cost of \$150,000, also accelerated its downfall. It is reported from Trenton that the United States Grand Jury, in session there, had found four indictments against officers of the wrecked bank.

INCREASE OF WESTERN CAPITAL.—The following, which appeared in May, in the Chicago *Tribune*, may possibly state a little too strongly the growth of cash capital at the West, but it has doubtless been very great from the abundant crops and other favoring circumstances of the past few years: "Country banks that used to be regular borrowers in Chicago are now keeping large balances at home, and are constant buyers of Government bonds in this market. The Chicago banks are getting to be lenders instead of borrowers in New York, and have had millions loaned on call in Wall Street. The City of Chicago now places its loans in its own money market, instead of taking them to New York, and pays but four and a half per cent. instead of seven per cent. Our brokers take great blocks of railroad and other bonds out of the New York market and sell them here with ease. If the financial importance of the city increases the next five years, as it has in the past five years, Chicago will be recognized as a monetary center of less consequence only than New York and Boston."

MINNESOTA.—The Farmers and Mechanics' Bank, St. Paul, suspended payment on June 25, owing to its inability to realize on the security on hand. The immediate cause was the presentation of a check for \$10,000, drawn by the City Treasurer, which the bank could not pay. The assets are said to be \$102,000; liabilities, \$45,000. The suspension is believed to be only temporary.

THE READING RAILROAD.—Of this road and the Reading Coal and Iron Co. the Philadelphia *Ledger*, of June 10, says: "The floating debts which, even before the appointment of Receivers, were variously estimated at seven to eight millions of dollars are now put down by street reports at something like double those amounts."

A telegram (June 15) from Philadelphia, in reference to the Reading Railroad, says: "Every day brings some new complication. Mr. Gowen borrowed money on everything available. Some of the debts are secured in such a way that there is no getting around the payment of them; these are, therefore, paid off as rapidly as possible, while others, not so well secured, are left to stand."

Philadelphia papers reprint a clause of the original charter of the Reading Railroad, which makes the directors personally responsible for the amount of any money paid for dividends declared when they have not been actually earned, but have been impairments of the capital. All directors present when such dividends have been ordered, and not protesting against the same, are to be held to have assented to them. It is said by some parties that many of the Reading dividends come within the prohibition of the charter, but whether this is so or not, cannot be determined except by a very thorough overhauling of accounts, and perhaps not even then. The public have not forgotten the interminable disputes over the two Erie dividends declared under the Watson Presidency.

FRAUDS, FLIGHT AND FAILURE.—The First National Bank of Brattleboro, Vermont, having a capital of \$300,000 and surplus of about \$55,000, suspended June 15th. Its President, Silas M. Waite, disappeared a few days previously, and is supposed to have left the country. The directors have offered a reward of \$5,000 for his arrest. Upon investigation it was found that a large amount of paper held by the bank and discounted by Waite, was forged. The loss to the bank is reported as over \$250,000. The management of the business was left entirely in Waite's hands, there being no cashier. It appears that Waite also issued fraudulent certificates of the stock of the bank, and that he has carried on his operations for about ten years. Several of the stockholders are ruined by the collapse, and it is thought that some of the directors, whose negligence allowed the fraud to go on, are ruined also. The liabilities are placed at \$450,487. This includes the capital stock of \$300,487; circulation of \$90,000, and deposits of \$60,000. The assets consist of about \$218,000 in notes (much of which is known to be fraudulent), Government bonds in Washington \$100,000, redemption fund of \$4,500, \$700 in cash, and whatever may be realized from the sale of Waite's property under attachment. The latter is estimated at from \$30,000 to \$50,000.

CANADA.—The Canadian Act of 1870 authorized the issue of \$ 9,000,000 of Dominion notes, secured by \$ 1,800,000 in gold, and \$ 7,200,000 in Government debentures; \$ 3,000,000 in addition were authorized on the security of fifty per cent. in gold. For any amount beyond \$ 12,000,000, a basis of gold, dollar for dollar, was required. The Act recently passed authorizes an issue not exceeding \$ 20,000,000, on a basis of twenty-five per cent. reserves, of which reserves not less than three-fifths are to be gold, and the remainder Dominion bonds guaranteed by the Imperial Government of Great Britain. These notes are to remain, as heretofore, a legal tender for all debts.

CANADIAN BANKING LAW.—The 51st section of the Canadian Act which regulates the business of banking, is in the words following :

The bank shall not make loans or grant discounts on the security of its own stock, but shall have a privileged lien for any debt or liability for any debt to the bank on the shares and unpaid dividends of the debtor or party so liable, and may decline to allow any transfer of the shares of such debtor or party until such debt is paid, and, if such debt is not paid when due the bank may sell such shares, after notice has been given to the holder thereof, of the intention of the bank to sell the same, by mailing such notice in the post office to the last known address of such holder, at least thirty days prior to such sale; and upon such sale being made, the president, vice-president, manager, or cashier, shall execute a transfer of such shares to the purchaser thereof in the usual transfer book of the bank, which transfer shall vest in such purchaser all the rights in or to such shares which were possessed by the holder thereof, with the same obligation of warranty on his part as if he were the vendor thereof, but without any warranty from the bank or by the officer of the bank executing such transfer.

The Montreal *Journal of Commerce*, of May 21, republishes the above section, and observes upon it, that while it seems to prohibit banks from making loans on the security of their own shares, it does, nevertheless, make such shares a security for all debts due from their owners. The hypothecation of the shares in such cases does not require any special act to be done by the owner, but is accomplished without his aid, and even in spite of him, by force of law.

Sir A. T. Galt, Canadian Commissioner to Great Britain, says in a note published in London in May, that \$ 12,000,000 was fixed fourteen years ago as the limit of the legal-tender note issues of the Dominion of Canada, and that the increase of business and population since, together with the incorporation, into the Dominion, of Prince Edward Island and British Columbia, fully justify the present enlargement of these issues to \$ 20,000,000.

The shareholders of the Consolidated Bank of Canada have received a statement showing an estimated surplus, after paying off the liabilities, of \$ 588,997, leaving from eighteen to twenty-five per cent. for the shareholders. The latter have agreed to discontinue legal proceedings on the late Board of Directors making over 8,000 shares to be canceled.

BRITISH LIFE AND FIRE INSURANCE COMPANIES, the present market value of whose shares is £ 29,287,000, have paid for the ten years ending with 1879, average annual dividends of 7.4 per cent., and have furthermore paid an annual average of 9.4 per cent. in the form of increased market price, resulting in most cases from actual accumulations of surpluses. During the same ten years, Marine Insurance Companies, the present market value of whose shares is £ 5,052,000, have made average annual dividends of 6.7 per cent., and have made an average annual gain of 1.1 per cent. in market price.

THE GLADSTONE CABINET has submitted to the British Parliament a bill introducing important changes as respects Savings banks. The rate of interest allowed to depositors in the class of banks managed by trustees, is reduced from three to two and three-quarters per cent. As respects that class of banks, and also the Post-Office banks, the maximum of deposits in any one year is raised from £ 30 to £ 100, and the maximum of total deposits is raised from £ 150 to £ 250. Both classes of banks are authorized, at the request of depositors, to invest their deposits in any Government stocks, to be held for their account. The bill does not contain the feature, which has been lately much discussed in financial circles, of offering to depositors a new two-and-a-half-per cent. stock to be created for that purpose.

INDIA.—Returns of the trade of India with all countries for the fiscal year ending March 31, 1880, are published. Of "treasure," they show an import of 116,548,948 rupees, and an export of 20,351,479 rupees. The excess of imports over exports is 96,197,469 rupees, which would be equal, at the old valuation of ten rupees to the pound sterling, to £ 9,619,746. The proportions of gold and silver in this "treasure" are not given in the returns now at hand, but it may be presumed that silver very largely predominates.

The London *Times*, of June 14, prints letters from India, giving unfavorable commercial advices. The President of the Calcutta Chamber of Commerce declares that India cannot export wheat in competition with America. A falling off in other Indian exports is anticipated. In particular, disasters among the Indian tea planters are predicted.

On an average of years, one-sixth of the revenue of India is derived from a monopoly of opium raised for sale in China. In that aspect, the following, from the London *Examiner*, has great financial significance: "The Persians are actively competing with the Indian Government for the opium supply to China. Seven thousand chests have been embarked on the Gulf ports during the last season. The manufacture in Shiraz Yezd and Ispahan, has been steadily increasing, and great care is being exercised to maintain a high quality. It is expected that the season from May to April, 1880, will supply 10,000 chests."

The East Indian Government is in the market for a loan, payable in rupees, equal in American money to about \$ 15,000,000. The form of the loan is in accordance with a report of a British Parliamentary Committee, that it is not prudent for India to incur any more debts payable in sterling money, which in England is regarded as the same thing as gold, and which really is so, if the Bank of England is never again compelled to suspend coin payments.

It was officially announced at St. Petersburg, June 4, that the subscriptions for the domestic Government loan of 150,000,000 silver roubles for railroad construction amounted to 250,000,000.

A financial deficit in New South Wales has led the Colonial Secretary to propose, besides other new taxes, an export duty of a farthing on greasy wool, and a half penny on washed and scoured.

IMPROVED INTEREST TABLES.—Mr. O. M. Beach, who has had many years' experience as a bank clerk and bank officer, has computed and compiled a book of *Tables of Interest and Discount*, which is just published. This book has ten tables of simple interest, viz: four, four-and-one-half, five, six and seven per cent., computed for days at 365 in the year, and for months and days at 360 days in the year. It has also three tables of discount, viz: five, six and seven per cent., and tables of compound interest for twenty different rates, from one-half to ten per cent., compound discount, annuities, sinking funds, &c., and the annual income from investments.

The tables are constructed on a very compact plan; they give the interest on all sums from \$ 1 to \$ 1,000,000, and at the same time occupy so little space that thirty days are placed on each page, so that when the book is open, sixty different days can be seen at a glance, without turning a leaf. This last feature of the book will greatly facilitate rapidity of work in calculating interest on a large number of sums at different dates.

The method of determining the rate per cent. of income from money invested in bonds bought at a discount, Mr. Beach claims to be absolutely correct, and the only correct method yet published.

The book contains 195 pages, and is very convenient in size, being less than ten by seven inches. It is sold at the low price of \$ 3.00. Copies are supplied from the office of the BANKER'S MAGAZINE.

OBITUARY.

GEORGE OPDYKE, the well-known banker, died on Saturday, June 12, at his residence in New York City, after an illness of several months. Mr. Opdyke was a descendant of one of the old Knickerbocker families in New Jersey, and was born in 1805 at Kingwood, Hunterdon county, N. J. He began life on the farm, but at sixteen years of age became a school teacher in the district. His next step was to embark in trade in Cleveland, Ohio, then a growing little town. In 1830 he went into business in New Orleans, which he left in 1832, at the age of twenty-eight, to come to New York, with which city he has since been prominently identified. In 1868 he founded the banking firm of George Opdyke & Co. Notwithstanding his devotion to business, Mr. Opdyke never neglected his political duties. In 1861 he was elected Mayor of this city. Mr. Opdyke was an active member of the Chamber of Commerce and of the Geographical Society.

OSCAR C. HALE, late Cashier of the State National Bank of Keokuk, Iowa, was born in the town of Wells River, Vermont, July 26th, 1816. In 1840, at the age of twenty-four years, he was elected Cashier of the Bank of Newbury, Vt., and served seventeen years. He removed to Iowa in 1858, and established at Keokuk the banking firm of Rix, Hale & Co., and in 1862 was appointed Cashier of the Keokuk branch of the State Bank of Iowa, continuing in that position till the bank was converted into the State National Bank, when he took a similar position in that institution, and held it until his death, May 30th, 1880.

Mr. Hale was a man of sound judgment, very prudent, perhaps over-cautious, but a thoroughly posted banker in every detail, honest in every particular, very methodical in his office and private business, faithful to every public trust, and he had many of such; he was universally respected and esteemed.

When the Branch bank was about to change into a National, the question of name came up. Mr. Hale believed that the old State law was so perfect that their bills were in good credit everywhere, while the reports, examinations and other safeguards were very minute in detail and thorough in method. He thought, therefore, that in honor of these facts, and to perpetuate their memory, the word "State" should precede "National" in the title of the new bank, and so it did,—the only instance in Iowa.

Mr. Hale's conservative business management resulted in a handsome fortune, which is left as an addition to the "good name," which is "better than riches."

THE COMMUNISM OF CAPITAL.—In a paper on Commercial Progress, contributed to the *Boston Globe* by Mr. Edward Atkinson, of that city, he says, speaking of railways:

"The great capitalists who control and extend these lines are the true communists—they reduce the costs of subsistence and bring about equality in consumption. The quarter of a ton of grain and meal that constitutes the year's subsistence to an adult in Massachusetts is brought a thousand miles at the measure of one day's wages of a common laborer. If the railroad capitalist had not spent his life in doing this work the grain might rot upon the field or be burned for fuel, and the meat be left upon the prairie of Texas, as it used to be, when only the hide of the steer had any commercial value."

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from June No., page 983.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2479	Second National Bank..... Warren, OHIO.	D. J. Adams..... K. M. Fitch.	\$ 100,000	\$ 53,523
2480	People's National Bank..... Bellefontaine, OHIO.	Abner Riddle..... Robert Lamb.	100,000	50,000
2481	National Bank of Rising Sun, MD.	James M. Evans..... Hanson H. Haines.	50,000	50,000
2482	Commercial National Bank.. Youngstown, OHIO.	C. H. Andrews..... G. J. Margerum.	130,000	65,000
2483	Watson town National Bank. Watson town, PENN.	Silas Rambach..... George W. Rombach.	60,000	60,000
2484	First National Bank..... Marengo, IOWA.	J. H. Branch..... C. Baumer.	50,000	50,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from June No., page 985.)

	Bank and Place.	Elected.	In place of
ILL....	Mechanics' Nat'l Bank, Peoria..	John B. Smith, <i>Cas.</i>	H. P. Ayres.
" ..	Second National Bank, " ..	Charles P. King, <i>Pr.</i>	L. Howell.
KY....	Farmers & Drivers' Bank, } Louisville }	R. S. Veech, <i>V. P.</i> J. W. Nichols, <i>Cas.</i>	R. S. Veech.
MD....	Western Nat'l Bank, Baltimore, J. G. Harvey, <i>Pr.</i>	Chauncey Brooks.*	
MASS...	Neponset Nat'l Bank, Canton..	N. W. Dunbar, <i>Cas.</i>	F. W. Deane.
" ..	South Danvers N. B., Peabody.	William P. Clark, <i>Pr.</i>	J. King.
MICH...	Merchants' National Bank, } East Saginaw }	Henry C. Potter, <i>Pr.</i>	J. Hoyt.
" ..	Farmers & Mechanics' Bank, } Grand Rapids }	James F. Brown, <i>V. P.</i> A. B. Watson, <i>Pr.</i>	H. C. Potter. L. H. Randall.
MISS...	Mississippi Valley Bank, } Vicksburg }	George M. Klein, <i>V. P.</i> J. M. Klein, <i>Cas.</i>	G. M. Klein.
N. J....	Mechanics' Nat'l B'k, Trenton..	William W. Stelle, <i>A. C.</i>.....	.....
N. Y. . .	First National Bank, Owego... Poughkeepsie National Bank...	Orin Truman, <i>Cas.</i> George Cornwell, <i>Cas.</i>	J. B. Brush. R. North.
OHIO...	Piqua National Bank, Piqua... Trumbull Nat'l Bank, Warren.	John M. Scott, <i>Pr.</i> Edward C. Smith, <i>Cas.</i>	W. Scott.* K. M. Fitch.
PENN...	Masonic Bank, Pittsburgh.....	Charles B. McLean, <i>Cas.</i>	G. C. McLean.*
VT.....	First Nat'l Bank, Montpelier...	James C. Houghton, <i>Cas.</i>.....	.....
VA.	Augusta Nat'l Bank, Staunton..	W. P. Tams, <i>Cas.</i>	N. P. Catlett.*

* Deceased.

The value of the yield of Canadian fisheries has steadily increased from \$ 4,376,526 in 1869, to \$ 13,529,254 in 1879.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from June No., page 984.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
ARIZ...	Tombstone.....	Safford, Hudson & Co.....	J. & W. Seligman & Co.
ARK....	Eureka Springs.	B'k of Eureka (S. P. Young & Co.)	S. M. Swenson & Son.
COLO...	Black Hawk.....	Samuel Smith & Co.....	Mechanics National Bank.
" ..	Breckenridge.....	Bank of Breckenridge.....	Kountze Brothers.
" ..	" ..	\$ 30,000 George J. Washburn, <i>Pr.</i>	Samuel M. Allen, <i>Cas.</i>
" ..	" ..	Miners & Merch. Bank (M. D. Miller & Co.)	Kountze Bros.
" ..	Canon City.....	William E. Johnson.....	Corbin Banking Co.
" ..	Del Norte.....	A. T. Middaugh.....	Kountze Brothers.
" ..	Leadville.....	Bank of Colorado.....	.....
" ..	" ..	City Bank (John Kerr).....	.....
" ..	Rico.....	B'k of Dolores (J. Bissell.)	Bank of San Juan, <i>Alamosa.</i>
" ..	Saguache.....	Gotthelf & Mayer.....	.....
" ..	South Arkansas	B'k of S. Arkansas (Dewalt, Hartzel & Co.)	Kountze Bros.
" ..	" ..	Chaffee County Bank.....	.....
" ..	Virginia City...	Gunnison County Bank.....	.....
		W. L. Beardsley, <i>Pr.</i>	Edward Raymond, <i>Cas.</i>
DAKOTA	Jamestown	Bank of Jamestown.....	Donnell, Lawson & Simpson.
		J. W. Raymond, <i>Pr.</i>	R. E. Wallace, <i>Cas.</i>
IOWA...	Elliott	H. N. Moore & Co.....	First National Bank, <i>Chicago.</i>
" ..	Humeston.....	Humestown Bank.....	Metropolitan National Bank.
" ..	Marengo.....	First National Bank.....	Gallatin National Bank.
		\$ 50,000 J. H. Branch, <i>Pr.</i>	C. Baumer, <i>Cas.</i>
KANSAS.	Coffeyville.....	Ayres & Steel.....	First National Bank.
" ..	Marion Centre..	John S. Christie & Co. . . .	Donnell, Lawson & Simpson.
" ..	Norton	Norton County Bank (M. Heaton & Co.)	Merch. N. B. <i>Chic.</i>
KY.....	Smith's Grove..	Smith's Grove Deposit B'k.	Citizens' Nat'l Bank, <i>Louisville.</i>
		W. Hazelip, <i>Pr.</i>	R. C. Hazelip, <i>Cas.</i>
MD.....	Rising Sun	Nat'l Bank of Rising Sun..	Manuf. Nat'l Bank, <i>Philadelphia.</i>
		\$ 50,000 James M. Evans, <i>Pr.</i>	Hanson H. Haines, <i>Cas.</i>
MICH...	Edmore	H. W. Robson & Co.....	Ninth National Bank.
" ..	Ithaca.....	Steel, Turck & Co.....	Fourth National Bank.
MINN...	Minneapolis....	Commercial Bank (R. A. Davison & Co.)	Hanover N. B.
" ..	Redwood Falls.	Redwood Co. B'k (G. W. Braley.)	Merch. N. B., <i>St. Paul.</i>
MO.....	Kansas City....	Whipple, Cowherd & Co..	Fourth National Bank.
NEB....	Ashland	Bank of Ashland.....	Chemical Nat'l Bank.
		John R. Clark, <i>Pr.</i>	W. R. Darrah, <i>Cas.</i>
" ..	Columbus.....	Anderson & Roen.....	Omaha National Bank.
" ..	La Porte.....	Logan Valley B. (Bressler, Martin & Co.)	Kountze Brothers.
" ..	Madison.....	Stuart & Akin.....	Kountze Brothers.
" ..	Milford.....	Johnson, Perry & Co.....	Marsh Bros., M. & Co., <i>Lincoln.</i>
" ..	Riverton.....	Chase Bros. & Sawyer	Donnell, Lawson & Simpson.
" ..	Syracuse.....	B'k of Syracuse (Horbel & Pert.)	.....
" ..	Valparaiso.....	R. K. Johnson.....	Chemical National Bank.
N. Y....	Cazenovia.....	J. H. Ten Eyck Burr.....	Imp. & Tra. Nat'l Bank.
" ..	" ..	L. & J. Fairchild.....	Union Trust Co.
OHIO...	Bellefontaine..	People's National Bank... \$ 50,000	First National Bank. Abner Riddle, <i>Pr.</i> Robert Lamb, <i>Cas.</i>
" ..	Warren	Second National Bank	Amer. Exch. Nat'l Bank.
		\$ 53,523 D. J. Adams, <i>Pr.</i>	K. M. Fitch, <i>Cas.</i>
" ..	Youngstown... \$ 65,000	Commercial Nat'l Bank... C. H. Andrews, <i>Pr.</i>	First National Bank. G. J. Margerum, <i>Cas.</i>
PENN...	Watsonstown... \$ 60,000	Watsontown Nat'l Bank... Silas Rambach, <i>Pr.</i>	Imp. & Tra. Nat'l Bank. George W. Rombach, <i>Cas.</i>
WASH..	Walla Walla..	Hawley, Wallace & Co....	Marcus C. Hawley & Co.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from June No., page 983.)

- NEW YORK CITY..... S. M. Swenson, Son & Co.; now S. M. Swenson & Son.
 ARK... Hope..... Hope Exchange Bank (Young, Gaines & Co.); now George F. Hicks.
 ILL.... Gibson City.... Burwell & Wilson; now Burwell, Leffel & Co.
 IOWA... Guthrie Centre. Centre Bank (Rogers & Dewey); H. K. Dewey, Cas.
 " .. Rock Rapids... Lyon Co. Bank (J. K. P. Thompson & Co.); now Miller & Thompson.
 MD.... Rising Sun..... Rising Sun Banking Co.; now National Bank of Rising Sun. Same officers.
 MASS... Boston..... C. A. Putnam; now Putnam & Heath.
 MICH... Bangor..... Monroe's Bank; now West Mich. Sav. Bank. Same officers.
 NEB.... Riverton..... C. W. Mount & Co; now Chase Brothers & Sawyer.
 NEVADA Reno..... D. A. Bender & Co.; now First N. B. Same management.
 N. Y... East Randolph. Dow & Thompson; now Amos Dow.
 OHIO... Bellefontaine... People's B'k; now People's Nat'l B'k. Same management.
 PENN... Clarion..... Discount & Deposit Bank; reorganized; limited liability. Same officers.
 " .. Watsontown... Watsontown Bank; now Watsontown National Bank. Same officers.
 WIS.... Belmont..... Northrop & Co.; now at Platteville.
 " .. Delavan National Bank of Delavan; succeeded by E. Latimer & Co. Same management.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from June No., page 983.)

- CAL.... San Francisco.. A. Gansl and J. Cullen; closing business.
 ILL.... Peoria..... German Savings Bank; out of business.
 IOWA... Mechanicsville.. Watson Huber & Co.; closed.
 " .. Nashua..... Bank of Nashua; consolidated with First National Bank.
 MICH... Edmore..... Webber & Just; discontinued. Still in business at Muir.
 NEVADA Elko..... M. P. Freeman & Co.; failed.
 " .. Reno..... Reno Savings Bank; reported suspended.
 N. J.... Newark..... First National Bank; closed.
 N. Y... Whitney's Point O. J. Pratt; failed.
 PENN... Coopersburg... Coopersburg Savings Bank; intends to go into liquidation.
 " .. Mcadville..... First National Bank; closed by Bank Examiner.
 " .. Meyersdale..... First N. B.; suspended. Suc. by Farmers' B'k. Same Pres.
 VT..... Brattleboro.... First National Bank; failed.
 WIS.... Winneconne... Turner's Exchange Bank; closed.

The Bank of British North America is to open a branch bank in Chicago this month, under the management of Mr. Robert Steven, formerly manager of the branch at St. John, N. B.

NOTES ON THE MONEY MARKET.

NEW YORK, JUNE 25, 1880.

Exchange on London at sixty days' sight, 4.86 a 4.86½ in gold.

The financial and commercial business of the country has not been much disturbed by the late political conventions, and the monetary situation awakens less solicitude than for several months past. The long-deferred return of currency from the interior has begun to augment the surplus reserves of the New York banks, and the uncertainty as to some of the causes of the monetary stringency which has prevailed since last autumn, has ceased to attract so much attention. The prevailing theory now is, that the money market during the remainder of this year will be free from much of the disturbance which has been feared, and that when the fall trade begins, and money is required to move the crops, the banks at the great financial centers will be found amply provided with loanable resources, so that the surplus reserves will be abundantly adequate for all probable demands. In support of this view it is argued that as we imported eighty millions of specie during the last six months of 1879, and as we also retained at home the products of our gold and silver mines, we have thus absorbed and utilized in our monetary system one hundred millions of coin, besides the additions which have been made to the circulating notes of the National banks. In view of these and other facts, two conclusions are deduced: First, that the banks of New York and of other central cities, will accumulate surplus reserves to a considerable extent this summer, and secondly, that the West and South are so amply supplied with currency that the demand for currency to move the crops of next season will not be so large as to surpass the available supply, or to cause embarrassment and perturbation in the money market. Of these two predictions, the first has been already in part fulfilled. The money market is now easy and time loans are offered at low rates. The surplus reserve is now \$ 10,365,575 in excess of that reported at this time last year. Its aggregate is \$ 16,977,625, as will be seen from the subjoined statement of the New York Clearing House banks for several weeks past:

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
May 31.....	\$ 278,312,400	\$ 59,271,700	\$ 22,547,400	\$ 20,238,100	\$ 262,762,600	\$ 16,128,450
June 7.....	276,056,000	61,109,000	21,934,800	20,059,900	266,839,000	16,334,050
" 14.....	279,265,700	63,192,700	22,221,300	19,682,500	271,628,500	17,506,875
" 21.....	286,075,100	64,450,000	22,064,900	19,694,900	278,146,700	16,977,625

The Boston bank statement for the past four weeks is as follows :

1880.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
May 31.....	\$ 139,919,500	.... \$ 6,402,300	.... \$ 2,471,800	.... \$ 53,879,200	.... \$ 31,136,200
June 7.....	141,821,900	.... 6,202,800	.... 2,717,200	.... 54,125,300	.... 31,144,800
" 14.....	141,179,800	.... 6,203,200	.... 3,368,300	.... 54,175,300	.... 31,172,400
" 21.....	140,837,600	.... 6,115,900	.... 3,693,700	.... 53,873,800	.... 30,689,200

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

1880.	Loans.	Reserves.	Deposits.	Circulation.
May 31.....	\$ 67,457,122	.... \$ 17,881,002	.... \$ 57,795,399	.... \$ 12,111,790
June 7.....	67,623,238	.... 17,857,324	.... 57,672,685	.... 12,087,538
" 14.....	67,338,982	.... 18,359,302	.... 57,674,977	.... 12,085,896
" 21.....	67,542,597	.... 18,196,787	.... 57,481,261	.... 12,093,024

The stock market has been more active than usual at this season. Government bonds are in demand for investment, and quotations are sustained by a considerable number of purchases from National banks. The supply in the market is not large, and the Government is absorbing a large proportion of the available bonds by its purchases for the sinking fund. Hence, the offers this week amounted to no more than \$ 3,151,450, of which two millions were purchased. Subjoined is a statement of the extreme variations of prices since the beginning of the year :

	—Quotations since Jan. 1, 1880.—		—Amount June 1, 1880—	
	Lowest.	Highest.	Registered.	Compon.
6s, 1880.....	102¼ Jan. 13	104½ May 20	\$ 12,069,000	\$ 3,064,000
6s, 1881.....	104½ Jan. 7	107½ May 26	168,540,350	56,681,500
5s, 1881.....	102¼ May 5	104½ Apr. 28	291,978,050	196,870,650
4½s, 1891.....	106¾ Jan. 2	110¾ May 29	170,298,800	79,701,200
4s, 1907.....	103 Jan. 2	109¾ June 7	527,921,400	211,513,300
6s, currency.....	125 Apr. 21	126¼ Feb. 17	64,623,512	—

At the London Stock Exchange the quotations during this month compare as follows with those previously current :

Quotations in London.	—Range since Jan. 1, 1880.—				
	Lowest.	Highest.	Lowest.	Highest.	
U. S. 5s of 1881.....	105½	105¼	105¼	105¼	104½ Apr. 15 .. 106¾ Jan. 12
U. S. 4½s of 1891.....	111¾	112	112	112¼	109¾ Jan. 2 .. 112 June 2
U. S. 4s of 1907.....	111¼	111¼	110¾	110¾	106¼ Jan. 2 .. 111¾ May 31

State bonds show more activity. The Southern list is attracting special attention, and there is a disposition to believe that several descriptions have been selling below their real value. Virginia bonds, Missouri sixes, and Louisiana consols, are chiefly inquired for, but the transactions are small. Railroad bonds are more active and quotations are firmer. Railroad shares have been feverish and irregular. Coal shares are depressed from speculative and other causes. Mining shares are attracting less attention from conservative capitalists who distrust the sources of information as to the real value of the shares which have enjoyed the most confidence and popularity. Some of the California banks are making a specialty of this business of supplying accurate and trustworthy statements to the public. The necessity for such facilities is now so imperative that most of the leading newspapers have recently begun to give to the mining shares a separate department among the other commercial and financial markets. Foreign exchange has been adjusted to the decline in the Bank of England discount rate. Demand bills are quoted at 4.88½, and sixty days' bankers' bills are selling at 4.85½. Subjoined are our usual quotations :

QUOTATIONS :	May 25.	June 1.	June 8.	June 16.	June 24.
U. S. 6s, 1881, Coup...	107 ..	103½ ..	106½ ..	103½ ..	104
U. S. 4½s, 1891, Coup.	109½ ..	109½ ..	109½ ..	109½ ..	109½
U. S. 4s, 1907, Coup...	107½ ..	108½ ..	109½ ..	108½ ..	108½
West. Union Tel. Co..	93½ ..	87½ ..	96½ ..	104 ..	105½
N. Y. C. & Hudson R.	124½ ..	124½ ..	126 ..	125½ ..	128½
Lake Shore.....	100½ ..	95½ ..	101½ ..	103½ ..	108½
Chicago & Rock Island	188 ..	190 ..	200 ..	101½ ..	108
Del., Lack. & West....	73½ ..	71½ ..	75½ ..	74½ ..	79½
Reading.....	20½ ..	20½ ..	21½ ..	17½ ..	18½
Delaware & Hudson..	66½ ..	65½ ..	67½ ..	69 ..	75½
North Western.....	90½ ..	87½ ..	93 ..	94 ..	93½
Pacific Mail.....	32½ ..	31 ..	35 ..	38 ..	39
Erie.....	33½ ..	30½ ..	35½ ..	36½ ..	40½
Discounts ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	4½ @ 5
Call Loans.....	4 @ 5 ..	3 @ 4 ..	3 @ 4 ..	2½ @ 3 ..	2½ @ 3
Bills on London.....	4.86½-4.89½ ..	4.86½-4.89½ ..	4.86½-4.89½ ..	4.86-4.89 ..	4.86-4.89
Treasury balances, cur.	\$ 3,050,534 ..	\$ 8,947,715 ..	\$ 8,481,161 ..	\$ 8,844,963 ..	\$ 7,613,368
Do. do. coin.	\$ 93,128,806 ..	\$ 91,346,340 ..	\$ 89,251,837 ..	\$ 89,084,737 ..	\$ 89,733,903

We have now in the United States twenty-five Clearing Houses, from nearly all of which statements are published weekly. The exchanges at these various Clearing Houses, during the last month indicate a gratifying activity of business in almost every section of the country except the Pacific Coast. During several months the export business has been very large in consequence of the European demand for our breadstuffs and other products. Just now there are some indications of approaching change, and the commercial situation, though sound, awakens some anxiety. The decline in prices has stimulated purchases both for consumption and for export, but until the prospect becomes more certain as to the coming crops here and in Europe it is probable that there will be a continued state of incertitude. Among the complaints which are made, one is that the domestic trade of the country has not kept up with the exports of produce. It is pointed out that we exported breadstuffs from July 1st, 1879, to June 1st, 1880, exceeding those of the previous fiscal year in the same period by \$63,000,000. The exports of provisions, of cotton, of tobacco and of other products have been large, so that on these items alone the value of the shipments from the interior to the seaboard has exceeded that of the corresponding movement of last year by nearly one hundred millions of dollars. By these shipments the seaboard cities have become debtors to a large amount, and as the West and South have not augmented their purchases at the East to the same extent, cash remittances have had to be expressed to the interior throughout the whole of the last year, and these cash remittances have depleted the bank reserves, as the currency has not returned, until recently, in the usual course of business. Now that a change has supervened and the present condition of the interior exchanges favors the expectation of a further accumulation in the reserves of our city banks we are able to investigate the problems of the money market to better advantage; and although there is considerable diversity of opinion, and stringency is predicted with more or less positive assurance by some bankers and merchants of experience and authority, the general impression seems to be that until the end of August the money market will be easy, but that later in the year the state of the banking reserves of the financial centers will be contingent upon a number of circumstances whose development is being watched with some doubt and anxiety.

Some papers on this and other subjects connected with the money market are expected to be read at the Annual Convention of the American Bankers' Association, which is to be held at the Town Hall in Saratoga, N. Y., on the 11th of August. The circular announcing the meeting is given in full on page of this issue. Secretary Sherman, Comptroller Knox, Gov. E. D. Morgan, Judge Bockes, Hon. Theodore M. Pomeroy, General Raum, John W. Drexel, George S. Coe, J. D. Vermilye, Hon. Alex. Mitchell, and many other well known names are mentioned on the list of invited speakers. The taxation of the banking business, will, it is expected, be more prominent than last year among the topics of discussion. The prospects are regarded as more favorable in Congress than heretofore for a repeal of part of the fiscal burdens which are found so oppressive and mischievous, especially in certain parts of the country.

The following semi-annual dividends for July have been declared :

Bank of America.....	3½	..	National Bank of Commerce.....	4
Brooklyn Trust Company.....	4	..	Ninth National	3½
Bowery National	5	..	North River Bank.....	3½
Central National.....	4	..	National Citizens'.....	3½
Central Trust Company.....	3	..	National Park Bank.....	4
East River National.....	3½	..	National Shoe & Leather	4
Fourth National.....	3½	..	National Butchers & Drovers'.....	3½
Hanover National.....	3½	..	Oriental Bank.....	4
Irving National.....	4	..	Pacific Bank.....	3½
Market National.....	4	..	Phenix Bank.....	3
Mechanics' National.....	4	..	St. Nicholas National.....	3½
Merchants' Exchange National	3	..	Third National	3½
Metropolitan National.....	5	..	Tradesmen's National.....	3½
National Broadway.....	8	..		

The *Financial Chronicle* publishes a table of the prices, on the 25th of May, of the shares of all the steam railroads, whose shares are dealt in at the New York Stock Exchange. The nominal par of these shares in the aggregate is \$1,153,492,553. Excluding the case of the Chicago and Rock Island Railroad, where the fall is merely the result of a scrip dividend, the prices on the 25th of May were less by \$189,131,566, than the highest prices which had been reached since January 1.

The exports of petroleum in April were 21,008,671 gallons, valued at \$2,000,182, as compared with 27,141,499 gallons, valued at \$2,775,539 in April, 1879.

In the Congressional conference committee on the Sundry Civil Appropriation bill, the House amendment requiring all the sums appropriated in the bill to be paid in silver, was stricken out.

The merchandise exports from New York for the week ending June 15, were \$10,802,522, being the largest exports for a single week in the month. The predicted gold export, to set in by the end of June, must be postponed to a later day.

During the six secular days ending June 9, \$990,000 in silver certificates were paid into the New York Custom House for duties. For the week ending June 21, silver certificates to the amount of \$792,000 were received.

The returns show that the taxes, \$355,023.72, assessed against banks and bankers in the Wall Street district of New York for May last, exceed the amount assessed on any previous list; the excess over November, 1879, being

£ 39,693.40. Returns from other districts also show an increase. Bank deposits are larger, and the amount of non-taxable United States bonds held by the banks is less.

On the 17th of June, the Bank of England reduced its minimum rate of discount from three to two and a half per cent. The rate had been three per cent. since November 5, 1879. The reduction now made is reported to have been a complete surprise to the financial circles in London.

For May, British merchandise imports were £ 30,453,114 as compared with £ 27,667,653 in May, 1879, being an increase of 10.1 per cent. The exports of British productions and manufactures were £ 17,277,876, as compared with £ 16,520,490 in May 1879, being an increase of 4.6 per cent. For the first five months of 1880, as compared with the same months of 1879, the merchandise balance of trade against Great Britain increased £ 13,378,000.

The reserve of coin and bullion in the Bank of England was as follows at the dates given :

May	5	.....	£ 27,988,832
"	26	.....	27,538,300
June	2	.....	27,699,826
"	9	.....	28,089,033
"	16	.....	29,743,033
"	23	.....	30,381,033

The latest returns of the metallic reserve of the Bank of France, distinguishing the gold from the silver, are as follows :

		<i>Francs in gold.</i>	<i>Francs in silver.</i>
May	13	..... 814,981,645	..... 1,228,462,473
"	20	..... 815,716,639	..... 1,231,465,276
"	27	..... 810,431,641	..... 1,233,829,151
June	3	..... 811,622,105	..... 1,238,603,214
"	10	..... 786,152,974	..... 1,237,188,407

During the five months ending May 31, French imports increased 116,000,000 francs, and exports 40,000,000, as compared with the corresponding period of 1879. The increase of imports was caused by food purchases, rendered necessary by the harvest failure of 1879.

The French Treasury is now offering to cash coupons and short bonds maturing in September, at a discount of one per cent. per annum, and those maturing in 1881, at a discount of two per cent. per annum.

An East India Government rupee four-and-one-half-per-cent. loan, equal in American money to about \$ 10,000,000, was taken June 14, at a premium of 3 $\frac{3}{8}$ per cent. According to some accounts a syndicate of French capitalists got the whole of it, but it is not probable that they got more than the lion's share. The financial journals in London do not attempt to conceal their chagrin at the result. In Calcutta, according to the despatches, the successful placing of the loan created the "liveliest satisfaction."

The Louisiana Supreme Court has decided that that part of the State license law taxing commercial travelers from other States \$ 25 per month is unconstitutional.

On Wednesday, May 26th, the offerings of bonds for the sinking fund were \$ 7,324,500, of which the Secretary accepted \$ 3,000,000 as follows, viz : \$ 2,050,000 of the Fives of 1881 at 103.32 $\frac{1}{2}$ @103.33, and \$ 950,000 of the Sixes of 1881 at 107.03@107.05.

On Wednesday, June 2d, there were fourteen offers of bonds, aggregating \$10,894,600, at the following prices: 6s of 1880, 104.75@104.90; 6s of 1881, 106.75@107.01; 5s of 1881, 103.12@103.36; 4s, 108.80@109.50; and 4½s, 109.51@109.62. The Secretary accepted \$3,000,000 as follows: \$1,500,000 of the 4s of 1907 at 108.80@109.10; \$1,482,700 of the 6s of 1881 at 106.75@106.85; and \$17,300 of the 5s of 1881 at 103.12@103.16.

On Wednesday, June 9th, the offers of bonds aggregated \$9,130,000, as follows: 6s, 1880, at 104.85@104.96; 6s, 1881, at 106.79@107.11; 5s, 1881, at 103.30@103.49; 4½s at 109.85@110.10; 4s at 109.25@109.45. Two million dollars were accepted as follows: \$244,000, 6s, 1880, at 104.85@104.89 and \$1,756,000, 6s, 1881, at 106⅞@106.92.

On Wednesday, June 16th, there were eighteen offers of bonds, aggregating \$8,018,500, of which the Secretary accepted \$2,000,000 as follows: \$108,000 of the 6s of 1880 at 104.86@104.88; \$775,000 of the 6s of 1881 at 106.91@106.94, and \$1,117,000 of the 5s of 1881 at 103.18@103.30. Among the bonds offered but not accepted, were 4½s at 109.75@109.94, and 4s at 108.10@109.25. Of the 4s only \$10,000 was offered at 108.10, the next offer above that being 108.91.

On Wednesday, June 23d, the offers of bonds amounted to \$3,151,500, as follows: 6s of 1881 at 106.99@107.19; 6s of 1880 at 104.95@105.03; 5s of 1881 at 103.35@103.55; 4½s at 109.81, and 4s at 108.81@109.10. The Treasury accepted \$2,000,000 as follows: \$1,097,500 6s of 1881 at 106.99@107.10; \$103,000 6s of 1880 at 104.95@105.03; \$799,500 5s of 1881 at 103.39½@103.48.

DEATHS.

At STAUNTON, Virginia, on Sunday, June 13th, aged sixty-two years, NATHANIEL PENDLETON CATLETT, Cashier of the Augusta National Bank of Staunton.

At CENTERVILLE, Iowa, on Saturday, May 15th, aged seventy-seven years, Judge JOHN A. DRAKE, President of the Appanoose County Bank.

At KEOKUK, Iowa, on Sunday, May 3d, aged sixty-four years, OSCAR C. HALE, Cashier of the State National Bank of Keokuk.

At ROCHESTER, Penn., on Friday, April 16th, aged sixty-one years, GEORGE C. MCLEAN, late Cashier of the Masonic Bank of Pittsburgh.

At POTTSVILLE, Pa., on Thursday, June 24, Colonel WILLIAM FRANCIS HUNTZINGER, President of the Government National Bank of Pottsville.

At NEW YORK CITY, on Saturday, June 12th, aged seventy-five years, GEORGE OPDYKE, of the banking firm of George Opdyke & Co.

At INDIANAPOLIS, Indiana, on Monday, June 14th, aged seventy-six years, GEORGE TOUSKY, formerly President of the Indiana National Bank.

At GREENVILLE, Ohio, on Saturday, June 12th, aged sixty three years, JOHN L. WINNER, proprietor of the Exchange Bank.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

AUGUST, 1880.

No. 2.

THE CONVENTION OF BANKS AND BANKERS.

The annual meeting of the American Bankers' Association is announced for the 11th of August and two following days. It is to be held at Saratoga, and its preliminary arrangements are attracting special notice for several reasons. A number of distinguished speakers are expected to address the convention, topics of great general interest are to be discussed, the representatives of our banking system from all parts of the country are to hold counsel together, and the report of the various sessions is to be printed and widely circulated abroad as well as in the United States.

It had scarcely been expected that Saratoga would be the place of meeting this year, because for two successive years the conventions have been held there, and Chicago, Cincinnati, Richmond, Louisville, and some other cities of the South and West were designated for the present meeting, but without effect. The circular calling the convention states that the preference has been given to Saratoga because a fuller attendance there could be relied upon from the South and West, as well as from other parts of the United States. Seven thousand invitations have been sent to the banks and bankers throughout the United States, and the expectation of a large delegation is sustained by the fact that the current year has been one of much general prosperity, and that the economies of the past will enable and encourage many enterprising bankers, bank officers, bank directors, and business men, in the Western and Southern States to visit New York and Saratoga. Special efforts have been made for some

years past to foster the desire of our bank officers and bankers for closer coöperation, and to check the mischievous spirit of hostility and rivalry which formerly separated the diverse sections of our banking community from each other.

In view of this fact, the circular before us states that recent contingencies have cemented the union of banks and bankers, have compelled them to act together, and to seek a closer union conducive alike to the stability of our banking system, the harmonious working of our financial machinery, the prevention of panics, the revival of business, the improvement of public and private credit, and the industrial prosperity of the country. It is important to remember that the Bankers' Association is purely an American institution, and that nothing like it exists in Europe. Originally, it was intended as a union of National banks, but for the last five years its organization has been extended so as include the State banks, Savings banks, and private bankers, as well as the banks chartered under the National banking law. Indeed, the President and many of the officers of the Association are connected with State banks, Savings institutions, and private banks, in every section of the country, so that the broad comprehensiveness and National character of the Association is amply secured.

The fundamental principle on which the bankers have founded their Association is that of community of interest. They hold that although the six thousand banking institutions in this country belong to several distinct classes, and are chartered by the Federal or State Governments under different laws, still they have close relations to each other, and that these bonds should unite them in sympathy and in effort for the great common object of augmenting the general efficiency of the whole banking system throughout the country. Many persons have supposed that the sole purpose of the union of our banks and bankers is to relieve the banking business from the oppressive burdens of taxation. This relief, as we have often demonstrated, is due to the banks and should be conceded by Congress whether the banks unite to ask for it or not. Moreover, any convention of banks would fall short of its conspicuous duty if it failed to give earnest warnings to the National and State Legislatures of the appalling evils inflicted upon the country by misdirected and ill-advised taxation. Still, taking a broad view of the destinies of our National industry, and of the functions of our banks in promoting the growth of that industry, it must be admitted that the place allotted to bank taxation in the programme of a grave and influential body like the American Bankers' Association must be subordinate, and that a prominent place will be given to topics of greater weight and magnitude.

Accordingly, we find that resumption and refunding are to be among the central topics discussed this year, and that Mr.

Secretary Sherman is to contribute a paper on these important subjects with which his name is to be so honorably associated in the financial history of this country. The silver question will be discussed by Mr. Geo. S. Coe and by other eminent authorities, and we see upon the programme that reports and addresses will be laid before the Convention elucidating the industrial progress of the United States and other countries, the improvement of business during the year, the causes of industrial spasms and panics, the progress of railroad and telegraphic facilities for banking and commerce, the obligations of the country to the banks for the continued success of resumption, and for the saving effected by the refunding of the public debt; the growth of our clearing-house system, the importance of ample capital and reserves in our banks, the history and development of banking in the United States, the causes of economic growth and decadence, the influence of sound banking upon credits, and the financial conditions which promote banking stability, and thus develop the industry and enlarge the commerce and wealth of the country. It is obvious, however, that much of the success and usefulness of the Association and its conventions depend upon the arrangements for promoting social feeling, and making the members and delegates better acquainted among themselves. We are pleased to learn that efforts are to be made to correct the short-comings, in this and some other respects, which have been complained of in previous years. In the present financial and industrial condition of the country it is very important to the grave National interests which the Association was organized to promote that the meetings this year should be attended by a large delegation of bankers and bank officers from all parts of the country. We are pleased to learn that the indications point to a full representation from the South and West, as well as from California, and other parts of the United States.

IMPORTING UNITED STATES BONDS.

A city paper, the *Journal of Commerce*, has expressed the opinion that the Government fives and sixes, purchased for the sinking fund during the past year, "have indirectly come from Europe." We are not sure of the exact meaning of the word "indirectly," as used in this connection by our contemporary, but for many reasons are very confident that there has not been an importation of United States bonds of all kinds from Europe since November 1 last, equal to the purchases within that time of fives and sixes for the sinking fund.

For the fiscal year ending on the 30th of June last, the exports of this country exceeded the imports, including

specie and bullion in both cases, by about \$92,000,000. Out of that balance must be paid the interest on stocks and securities held abroad, and the expenditure of the very large number of American travelers in Europe. How much was left, applicable to the purchase from foreigners of our stocks and securities, is impossible to be known with exactness, but it cannot have been any such sum, about \$75,000,000, as the Government paid (including premiums) in buying in its bonds during the last fiscal year. It may be said, to be sure, that the means to purchase from foreigners that amount of United States bonds may have come from the sale abroad of other kinds of American securities, such as railroad bonds, and stocks, etc., but there is every reason to suppose that the purchases abroad have exceeded the sales abroad of all other kinds of securities than the Government debt.

During the year ending June 30, the Wall Street market was extraordinarily high. Wall Street led the railroad speculation, while London and Paris followed, and with rather slow and hesitating steps. On the average of the year, New York has been the best market in the world in which to sell miscellaneous American securities, and the balance of the flow of such securities is much more likely to have been from Europe to New York than from New York to Europe.

If the bonds purchased by the Government were the property of foreigners, and if the payments were made directly, or indirectly, to them, the outgoes from the United States Treasury, on that account, would have had no tendency to make loanable capital more abundant in our markets. The tendency, in fact, would have been exactly the reverse of that. But that these bond purchases did most sensibly increase the home supply of such capital, was universally recognized to be true.

And finally, it is not conceivable that at the prices the Government has been paying for the fives and sixes, yielding in some cases scarcely two per cent. per annum on the investment, the domestic holders of such bonds, who are so much more numerous than the foreign holders, should have universally resisted the temptation to sell, and have thus left the market entirely to the Europeans.

We are, for these and other reasons, altogether unable to believe that the fives and sixes purchased by the Secretary of the Treasury since November 1 last, or a majority of them, came from the other side of the Atlantic. We should be very glad, however, to be persuaded that it was so, inasmuch as we deprecate the holding abroad of American securities of any class. The time has gone by when this country has anything to gain by borrowing capital from foreigners and paying them interest, and so far as our public and corporate bonds have been heretofore placed abroad, the sooner they can be purchased and brought home the better. There are a

good many legislative methods, within the competency of either the National or State Governments, and entirely justified by sound principles, which can be resorted to by way of discouraging the transfer of American securities across the Atlantic. Those methods will certainly be resorted to, when public attention is properly aroused to the fact, that the economical effect upon a country of having foreign creditors, differs in no essential respect from the effect of having absentee landlords.

BANK CIRCULATION.

During the year ending June 30, 1880, the increase in National bank circulation was \$14,933,740, principally during the first two-thirds of the year. During the month of June there was a positive decrease of \$698,306. The indications do not point to any further increase in the immediate future. The employment of money in discounts has diminished in amount and become also less profitable, with the subsidence of the activity and rising prices in trade which set in during the summer of 1879. Furthermore, the rate of interest upon Government bonds at their market price has fallen perceptibly within a year past, and a further fall is generally looked for. It is that rate of interest which determines the cost of circulation to the banks. The question is constantly presented to them, whether they can make more profit by selling their bonds at the current prices, or by leaving them in pledge for circulation with the United States Treasurer. A great bank in this city determined that question last winter in favor of withdrawing its circulation and selling its four-per-cent. bonds, amounting to \$2,000,000, at four per cent. premium. Since then, the premium has doubled, and the motive to sell has correspondingly increased. The National taxation upon National banks has not been alleviated at all, and it cannot be doubtful that it would have forced many more banks to wind up, or to withdraw their circulation, than have already done so, if it had not been for the recent decision of the United States Supreme Court, which has somewhat relieved the State and municipal taxation upon their shareholders. We refer to the decision upon the New York law, which did not allow to the owners of shares the privilege of deducting from their assessed value their own individual indebtedness. That decision, of course, applies to any other State which may have undertaken to impose upon capital invested in National banks, any other rule of taxation than may be imposed upon other moneyed capital.

The conditions of National banking have changed most

materially since the system was first established. Then, and for several years afterwards, the interest upon the market price of bonds deposited for circulation averaged not far from twelve per cent. per annum. Upon six per cent. bonds purchasable at about par in greenbacks, the coin interest was salable for greenbacks at a premium of 100 per cent. Instead of twelve per cent. upon the market price of their deposited bonds, the banks are now receiving not more than three and one-half, and may soon not receive more than three. Furthermore, the circulating notes, obtained by depositing bonds, could be loaned at much higher rates a few years ago than they can be now. A large number of banks are now holding on to their charters, not because they are making a satisfactory profit, but from a mere *vis inertiae* and indisposition to make changes, and because they have a vague hope that something will turn up to improve the complexion of affairs. They may hold on a little longer yet, but there is somewhere a limit to patience under unprofitable conditions in any business.

The greenback portion of the paper currency of the country being a fixed quantity, rigidly limited by law, it is only in its bank-note portion that it can expand *pari passu* with population and trade. If expansion at that point is rendered impossible by the combined National, State and municipal taxation upon the National banks, or by other legal conditions, our paper currency system will fail in the vital particular of elasticity, unless relief is in some way afforded to it.

So far as National taxation is concerned, we must persist in believing that the most hopeful point at which to press for a reduction is the tax on circulation. It may be true, as very high authorities maintain, that the tax on deposits is the least defensible in the scientific aspects of the case, but much more powerful influences can be rallied in support of a repeal or diminution of the tax on circulation. The friends of the National banking system recognize the aggravated injustice and impolicy of the burdens which are crushing it down, and they are always ready to lighten the total load by removing any part of it which it is possible to remove. But there are many persons who are not friends, but enemies, of the system, who will still help to take off the circulation tax, not from any good-will to the institutions concerned, but because their theories and their individual interests incline them against a constricted volume of money.

Even if it is not possible to persuade Congress to mitigate the pressure of the National taxes upon the National banks, they may be persuaded to put additional restraints upon the power of the States and municipalities to tax them. Many members of Congress feel that as these banks derive their privileges from the nation, so much of the taxes imposed on

them as may be regarded as the price of those privileges ought to enure to the exclusive benefit of the Federal treasury. One of their objections to remitting Federal taxes is, that it may result in nothing except an equivalent increase in local taxes. Members of Congress with those views, and especially such of them as represent States where there are only a few banks, and where the right of imposing local taxes upon them is of little practical importance, would have no special reason to oppose a very close limitation of that right.

REFUNDING SCHEMES.

In his annual message of December 1, 1879, President Hayes said: "Since the resumption of specie payments, there has been a marked and gratifying improvement of the public credit. The bonds of the Government bearing only four per cent. interest have been sold at or above par, sufficient in amount to pay off all of the National debt which was redeemable under present laws.

"The amount of the National debt which matures within less than two years is \$792,121,700, of which \$500,000,000 bear interest at the rate of five per cent., and the balance is in bonds bearing six per cent. interest. It is believed that this part of the public debt can be refunded by the issue of four per cent. bonds, and, by the reduction of interest which will thus be effected, about eleven millions of dollars can be annually saved to the Treasury. To secure this important reduction of interest to be paid by the United States, further legislation is required, which it is hoped will be provided by Congress during its present session."

It is apparent that the President intended by the four-per-cent. bonds thus proposed, bonds of the same character as to time, medium of payment, etc., as the four-per-cent. bonds made use of in the negotiations of 1879, which he regarded as evidence of a "gratifying improvement of the public credit." On that point, the Secretary of the Treasury in his annual report of the same date went more into detail, as it was natural and appropriate that he should. The Secretary's language was as follows: "It is respectfully suggested that authority be given at the present session of Congress to issue, sell, and dispose of, at not less than par in coin, four-per-cent. bonds of the description set forth in the Act of July 14, 1870, to the extent necessary to redeem the bonds falling due on or before July 1, 1881. The four-per-cent. consol is now universally known. The rate of interest is as low as will generally maintain the bond at par, and the premium will measure its advance above par at favorable periods. It

is important that the authority granted should include the power to refund from the passage of the Act at the present session, and to prepay the excess of interest on the bond to be refunded prior to its maturity. The present is believed to be an exceptionally favorable time for such refunding."

The President, as well as the Secretary, contemplated the immediate refunding of all the bonds payable or redeemable in December, 1880, and in May and July, 1881. He was therefore sufficiently correct, speaking as he did in round numbers, in describing the amount of the proposed new four per cents. as \$800,000,000, and the annual saving of interest by this issue, at \$11,000,000. It is well known that both the Secretary of the Treasury and the President himself expected that Congress would pass an authorizing bill before the Christmas holidays, and with an offer of four per cent. to capitalists, the whole operation could, and doubtless would, have been completed within thirty days after the signing of such a bill. One of its provisions, as suggested by the Secretary, gave him the right to exchange the new four per cents. for the outstanding fives and sixes, with an allowance to their holders of the old rate of interest down to the time of their maturity.

It is not doubtful that the President, in that part of his message which is quoted above, said everything that was possible to be said in favor of an issue of \$800,000,000 of four-per-cent. bonds not redeemable before 1910. It was the favorite policy of his Secretary of the Treasury, and he had doubtless persuaded himself that great National interests required its adoption. He had, therefore, every motive to present it to the country in the most favorable light, and to omit no consideration which could be urged in support of it. Under these circumstances, if the reasons he was able to give for the policy of refunding on thirty years are found to have little or no force, it was not from the lack of zeal, or ability, in his advocacy of it, but from the intrinsic indefensibility of what was proposed.

No mathematical proposition can be more incontestible than that a reduction of the interest to four per cent. on a debt of \$800,000,000, of which three-eighths have been paying six per cent., and five-eighths have been paying five per cent., will effect an annual saving of \$11,000,000. But it is equally incontestible that to pay off such a debt will save annually in interest, not \$11,000,000, but the much greater sum of \$43,000,000, and it will take less money to pay it off than to pay four per cent. interest for thirty years, which will require \$960,000,000, and still leave the debt undiminished.

Thirty-two million dollars is a great sum to pay annually for thirty years, and for an unknown number of years after that, by way of interest on loans the proceeds of which were

spent long ago, leaving no interest-bearing property, and nothing but taxation to raise it from. It is very little consoling to point out that \$32,000,000 is not so large a sum as \$43,000,000. It is nevertheless a very great sum, and especially when it is multiplied by thirty, the number of years for which the President proposed to bind the country to pay it, and with no better prospect of their getting rid of its payment for an indefinite period thereafterwards than exists to-day.

In respect to the \$500,000,000 of fives, the saving of interest by refunding the whole of it at four per cent. is no greater than the saving of interest by paying off only one-fifth part of it.

Between November 1, 1879, and June 30, 1880, there was paid off \$47,900,950 of the sixes, and \$23,575,450 of the fives, thereby reducing the National interest account \$4,052,829, which reduction the adoption of the President's policy would have prevented. By the time the periods of payment in 1881 shall have arrived, the annual reduction of interest by a process which rids us of the burden of the principal forever, will not be much short of the \$11,000,000, which was the whole annual saving held out to reconcile us to a payment of \$32,000,000 for thirty years, by a process which would still leave the burden of the principal undiminished.

It is noticeable that while the President and Secretary in December, 1879, urged the immediate refunding of the debts due in 1881, they neither of them pointed out any advantage gained to the country from moving so long in advance, rather than waiting till those bonds matured. There was no possible way of avoiding the high rates of interest to which the holders of those bonds were entitled by their contracts until May and July, 1881. It was not avoided by giving in December, 1879, four-per-cent. bonds in exchange. It was clear that they would not accept such an exchange, unless with the addition of the difference of interest to which they were entitled until 1881. The Secretary saw well enough, that if he resorted to the method of exchange, he must "prepay the excess of interest on the bond to be refunded prior to its maturity," and he asked for power to make such prepayment. On that basis of operation, the saving of \$11,000,000 would not have commenced until May and July, 1881, and on any other possible basis of operations the result would have been a positive loss.

Let it be supposed that instead of giving fours in exchange for fives and sixes, with prepayment of interest in excess of four until 1881, he had decided to sell the fours for money and therewith to purchase the fives and sixes in advance. As a trial of that method has shown, he could not have invested the public money in such a purchase at a better rate than about two and a half per cent. per annum. On

a large scale it is doubtful if he could have obtained more than two per cent. In any event he would have been borrowing at one rate and using the money borrowed at a much lower rate. As it is not conceivable that he could have contemplated such a folly as that, he must have expected to obtain the fives and sixes by exchange, and under that plan, as already seen, there could be no saving of interest before 1881.

Seeing that there was no possibility of effecting any economy by a present refunding of the debts of 1881, and that it would merely deprive the country of the power of applying its surplus revenue in the meantime to the reduction of those debts, Congress very wisely—and supported in that by a substantially unanimous concurrence of intelligent public opinion—refused to entertain either the plan of the President and Secretary, or the similar plans of Mr. Fernando Wood and of the House Committee on Ways and Means. Their decision was to leave the debts of 1881 to be reduced as fast and as far as the Treasury situation prior to that time would admit of, and for the present to do nothing more, and especially not to tie the country up by hard and fast obligations to pay interest, no matter how low, for long terms of years. At their next session, Congress will have a clearer view of the position of affairs. They will then know better than could possibly have been known by anybody in December, 1879, how large a debt is to be provided for in 1881, and what are the probable revenues wherewith to provide for it, and they can therefore more satisfactorily determine within what period the debt can be paid off, and arrange it accordingly.

MOVEMENTS OF TRADE AND BULLION.

In June the imports of merchandise at New York (excluding specie) were \$39,497,174, and the exports were \$42,069,753, showing a favorable balance of \$2,572,579, which will be largely increased when the returns from all the ports are received.

During June of last year the merchandise imports at New York (excluding specie) were \$23,471,878, and the exports were \$26,240,177, showing a favorable balance of \$2,768,299.

During June of this year, the goods in the public warehouses at New York increased \$6,020,475. The withdrawals were \$6,877,703, but the new entries were \$12,898,188.

The statistics of the foreign trade of New York for July are not complete, but it is known that, like those for June, they will show a very great increase of exports. So far as that arises from the shipment of breadstuffs, the same feature may be looked for in August.

British imports and exports of bullion during the month of June were as follows :

	<i>Gold.</i>		<i>Silver.</i>
Imports.....	£ 799,912	...	£ 567,161
Exports.....	<u>341,076</u>	.....	<u>555,680</u>
Excess of imports.....	£ 458,836	.....	£ 11,481

During the month of June, British exports of silver to China (including Hong Kong) were £44,700; imports none. During June, 1879, the exports were £86,491, and the imports were £102,708, which included a large amount of trade dollars *in transitu* for the United States.

During June, British exports of silver to India were £448,450, and the imports £8,200. During June, 1879, the exports were £161,299, and the imports £501.

During June, the net British silver export to China and India together was £484,950, as compared with £144,581 in June, 1879.

During the first six months of this year, British silver exports to China (including Hong Kong) were £802,821, and the imports £10,271, as compared with exports of £399,919 and imports of £291,397 during the same months of 1879.

During the first six months of this year, British silver exports to India were £2,841,008, and the imports £40,053, as compared with exports of £2,819,227, and imports of £75,914 during the same months of 1879.

During the first six months of this year, the net British silver export to China and India together was £3,584,505, as compared with £2,851,835 during the same months of 1879.

Great Britain still draws gold from Japan. The amount imported was £229,411 during June, and was £751,641 during the first six months of this year. These are large sums and that mine must now be pretty nearly exhausted.

BRITISH COMMENTS ON THE READING RAILROAD.

The London correspondent of the *Scottish Banking Magazine*, writing under date of May 31, 1880, says:

The suspension of payments by the Philadelphia and Reading Railway has caused a severe depression in American railway securities. The lower-class lines were chiefly affected, such as the rubbishy Erie, and Atlantic and Great Western, but others, such as the Pennsylvania, which has a good reputation, also suffered. The low tone of political morality engendered by the democracy of the United States, seems to affect the character of public men connected with even the best companies, and therefore disastrous surprises are constantly in store for investors in American securities. There are many shrewd investors in this country, who, on this account, will never touch anything American, not even the public debt, as they fear that some day on emergency the democracy would not hesitate to repudiate that. Several of the States have repudiated their debts, or at least do not pay the interest—Virginia for

example, which only pays a modified interest on a portion of its debt; and the transition from the repudiation of single States to repudiation by the United States does not seem difficult, in a country governed by a mob under the euphemistic title of manhood suffrage.

There are, and always have been, classes of persons in London, who, under the combined influence of National rivalry and hostility to republican institutions, refuse to "touch anything American." This correspondent, who regards the United States as "a country governed by a mob under the euphemistic title of manhood suffrage," may be supposed to associate by preference with such classes, and it would be natural enough for him to overrate both their number and their importance. He certainly overrates the wisdom of investors who will not touch the National securities of this country, when he characterizes them as "shrewd." If they possess shrewdness, it is of that peculiar kind which is of infinitely more advantage to their neighbors than to themselves.

The Reading railroad company has been for forty years rather more of a British than an American corporation, in its ownership, in its effective direction, and in the speculations connected with its shares and debts of various kinds. During all that time, if there has been any central point around which it financially revolved, it was the very respectable banking house of McCalmont & Co., of London, which is reported from Philadelphia to have held 158,000 shares of the capital stock when it failed. Of the Atlantic and Great Western, very much more may be said. From the beginning to the end, and in all its mutations, it has been exclusively a British concern, with James McHenry as the master spirit. There have been American bubbles, but no such bubble as the Atlantic and Great Western, with its upwards of \$100,000,000 of stock and bonds, first, second, and third, convertible and income, has ever been blown on this side of the Atlantic. As to the "rubbishy Erie," the Hepburn Committee say that of the proceeds of the \$25,000,000 of its "convertibles," negotiated by James McHenry, with whom was connected, in some way not exactly known, the English firm of Bischoffsheim and Goldsmidt, only \$14,200,000 was ever received by the company.

The relative proportion in different countries of financial operations which involve sharp practices, depends very little upon political institutions, or upon the tone of the current political morality, which is not supposed to be anywhere very high. It is an economic rule, that where there is a demand there will be a supply. Akin to that rule there is another one which may be laid down, that where there is an opportunity to commit a fraud, somebody will be found ready to commit it, so that the number and magnitude of frauds will be everywhere proportioned to the opportunities for them.

One element of opportunity is the wealth of investors, or in other words, the greatest robberies may be looked for where there is the most treasure exposed to robbery. Another element of opportunity is the gullibility of investors. In both particulars, England has presented great temptations to those disposed to commit frauds. Its wealth is enormous, and a large share of it is inherited, and therefore under the control of persons who have not been trained to caution in the school of acquiring their own wealth.

The best general advice which we can give to English investors, and to European investors in general, and we have heretofore given that advice more than once, is to have nothing to do with American schemes and projects. If they are really sound, the probability is that capital for them could be readily obtained for them here. The very fact of their being carried across the Atlantic, establishes a tolerably strong presumption that there is some weakness about them. This presumption is by no means removed when London and Paris bankers indorse them. It is no violation of either truth or courtesy to say, that while the list of those bankers is illustrated by justly honored names, there will also be found in it some of the most unscrupulous, as well as adroit, rascals in the world. There is never any difficulty in getting for any scheme the indorsement of some banking house in Paris or London. The terms are generally pretty high, being the lion's share of the profits, but terms of some kind can always be made.

We have much more confidence in the soundness of the advice which we give to European investors, than we have expectation that they will adopt it. Indeed, they are so situated that the temptation to them to embark in American operations is very strong and almost irresistible. On that point the *Anglo-American Times* (London), of June 4, says: "A few metropolitan journals write as if London had the round world as a field of investment, where to choose; whereas, there is nothing more circumscribed than that field. Our impression is that it is almost confined to the United States; that turn where the investor of the European money centers will, he can find nothing safe and progressive, likely to yield him a fair and secure interest, outside of that country."

The safest method in which the European owners of movable capital can escape the consequences of the political and financial follies of the old world, and avail themselves of the splendid opportunities of the new, is to come here themselves and bring their possessions with them. They can then use their own eyes, instead of being obliged to use the eyes of others, who may find the largest profit in deceiving them.

THE PUBLIC FINANCES.

At the end of June the outstanding bonds of the United States were as follows :

6 per cent.....	\$ 235,780,400
5 "	484,864,900
4½ "	250,000,000
4 " (including refunding certificates).....	739,347,800
Total.....	<u>\$ 1,709,993,100</u>

The reduction during June was \$10,205,300 in the sixes and fives, and \$1,500,000 in the fours.

The decrease of the total net debt during the year ending June 30, 1880, was \$76,659,027, and the purchases of bonds were \$72,976,400. The Secretary's statement makes the decrease of net debt during the year \$85,034,961, but that is done by a reduction of \$8,375,934, being the amount of fractional notes which he assumes to have been destroyed or lost. Without doubt the amount destroyed or lost is a good deal more than that, but we do not see why the Secretary might not as well still further improve the aspect of the public accounts by making an estimate of the losses of greenbacks, bonds, etc. He has no legal authority to strike from the list of the debts of the country any of its outstanding obligations.

During the last fiscal year there were purchased and cancelled \$47,900,950 of sixes, \$23,575,450 of fives, and \$1,500,000 of fours. The saving of annual interest by these purchases is \$4,112,829.

The sixes which are payable December 1, 1880, were reduced at the end of June to \$15,578,000.

On the 30th of June, the National banks were the owners of \$53,670,150 of the sixes of 1881, and of \$138,378,750 of the fives of 1881.

On the 30th of June there were in the United States Treasury, as security for bank circulation, \$1,379,900 of the ten-forties, and \$18,000 of the five-twenties, which were called about a year ago and, of course, have earned no interest since. The managers of the banks which own these bonds are certainly very deliberate in deciding whether to go on with their business, and if so, what class of interest-bearing bonds they will purchase for the purpose. If their stockholders are contented, there is nobody else to complain of their slowness.

The following is a statement of the coinage executed at

the United States Mints, during the fiscal year ending June 30, 1880 :

	<i>No. of pieces.</i>	<i>Value.</i>
Double eagles.....	1,075,768	\$ 21,515,360
Eagles.....	1,883,632	18,836,320
Half eagles.....	3,158,172	15,790,860
Three dollars.....	3,030	9,090
Quarter eagles.....	1,230	3,075
Dollars.....	3,030	3,030
Total gold....	6,124,862	\$ 56,157,735
Standard dollars....	27,933,750	\$ 27,933,750
Half dollars.....	6,550	3,275
Quarter dollars.....	15,350	3,837
Dimes.....	15,750	1,575
Total silver....	27,971,400	\$ 27,942,437
Five cents.....	24,950	1,247
Three cents.....	32,750	982
One cent.....	26,774,150	267,741
Total minor..	26,831,850	\$ 269,971
Total coinage.	60,928,112	\$ 84,370,144

The above is the largest coinage in any one year in the history of the Mint.

During the fiscal year ending June 30, 1879, the number of standard silver dollars coined was 27,227,500. During the fiscal year ending June 30, 1878, it was 8,573,500. The total number coined under the Act of February 28, 1878, to the end of June, 1880, was 63,734,750.

The metallic reserves of the United States Treasury were as follows, at the dates named :

	<i>July 1.</i>	<i>June 1.</i>
Gold coin and bullion (less outstanding certificates)....	\$ 118,181,527	\$ 120,699,106
Silver dollars (less outstanding certificates).....	38,635,746	36,726,651
Subsidiary silver.....	24,350,481	23,577,091
Silver bullion.....	5,124,536	4,853,587
	\$ 186,292,290	\$ 185,856,525

The subsidiary silver continues to accumulate, and has reached a most embarrassing total, inasmuch as it is a species of money in which public debts exceeding \$10 cannot lawfully be paid.

The gold held and owned by the Treasury continues to decline a little, but it is still \$4,000,000 in excess of the amount held and owned at the date of resumption in January, 1879.

At the close of business, December 31, 1878, the Treasury had in its possession \$135,382,039 in gold coin and bullion, and \$16,697,338 in silver dollars. \$21,189,280 of the gold, and \$413,360 of the silver dollars were, however, the property of private persons, and were represented by outstanding certificates. The sums owned by the Treasury and applicable to the resumption of coin payments, were, therefore :

Gold.....	\$ 114,192,759	..	Silver dollars.....	\$ 16,283,978
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In addition, the Treasury owned \$9,439,461 in silver bullion, which it was legally authorized to coin into dollars at the rate of \$4,000,000 per month.

In an article (July 10) upon the finances of the United States, the London *Economist* takes the following view, which is a very natural one from a British standpoint: "It may be doubted whether the redemption of debt is the best purpose to which to apply the surplus customs revenue. We believe that far greater advantages would flow from the reduction or remission of import duties, than from the repayment of the debt."

Two things control Englishmen in giving such advice. The first is their desire to have the American tariff reduced. The second is the fact that the most profitable business in which they have been engaged for sixty years, is the manipulation of the public debts of other nations. Their policy is a uniform one of stimulating their colonies, and every other people whom they can influence, to create and perpetuate indefinitely, all the obligations which they can possibly stagger under. Nevertheless, the *Economist* is forced to make the following admission that the United States would be in some respects the gainer by freeing itself from debt: "As the resources of the country are being rapidly developed, and as each repayment of debt, by diminishing the interest charges, makes future reductions all the easier, there is some reason to expect that the progress of redemption will be not less rapid in the future than it recently has been. Some unforeseen contingency may, of course, arise to check the work, but if it can be successfully prosecuted, America, freed from debt, and not oppressed with an enormous military and naval expenditure, will certainly have a great advantage in her industrial competition with the heavily-burdened nations of Europe."

THE MOVEMENT OF BRITISH PRICES.

The London *Economist*, of July 3, gives very full tables of British prices in June, 1879 (which seems to have been the lowest point of depression), in January, 1880 (when a swell of prices had culminated), and in June, 1880 (after a subsequent continuous fall in prices). The comparison shows that, while the reaction has been sharp after the great rise during the last half of 1879, the average of prices in June, 1880, was still not so low as in June, 1879. On that point, the *Economist* says: "While Scotch pig iron has fallen seventeen shillings per ton since January, it is still eight shillings, or

twenty per cent., higher than it was quoted twelve months ago. South Down wool has fared best, with an advance on the year of thirty per cent.; sugar and jute each record an advance of twenty-three per cent.; oats, twenty-one per cent.; iron, twenty per cent.; tallow, seventeen per cent.; cotton yarn, fifteen per cent., in the face of a falling off in the raw material of two per cent.; saltpetre, thirteen per cent.; wheat, nine per cent.; copper, eight per cent.; and hemp, six per cent. Barley, coffee, tea, and silk, are practically unchanged; while beef is from seven to ten per cent., and coal twelve and a half per cent. cheaper on the London market. The supplies of foreign beasts have been so far in excess of what was ever before known, that the price of beef has been kept down, and is decidedly cheaper than it was twelve months ago."

For the moment, the fall of British prices has ceased, and the *Economist* seems to be of the opinion that not only will there be no further fall, but that some recovery may now be rationally hoped for. It says: "It is certainly open to consideration whether, the ebb having run out, we may not expect a return of the flood. It has been shown that prices are now higher than they were twelve months ago; but that was after they had fallen almost continuously since 1873. What is equally certain is that we are still decidedly under the average prices of most commodities for the past ten years, or, for that matter, for the past twenty years; and after making an allowance for the appreciation of gold as a standard of value, there are certainly some indications of a rise of the tide."

The *Economist* does not state what the facts are, which it regards as "indications of a rise of the tide," but it does give the following basis for expecting a rise of prices in the particular class of commodities known under the general head of manufactures: "Reasons may be assigned why the world's consumption of manufactures may well be expected to increase, and with that increase prices would naturally rise."

But an increase of the consumption of manufactures will not raise prices, if there is a still greater increase in the production of manufactures, as there is much ground for apprehending that there will be.

Nor is the fact that existing prices are lower than "for the past ten years, or, for that matter, for the past twenty years," a sufficient ground for looking for a rise of prices, unless it can also be shown that the volume of the money of the commercial world is as great in proportion to population and exchanges, as it was ten years and twenty years ago.

REFUNDING IN GREAT BRITAIN.

In 1853, Mr. Gladstone, being then in the British cabinet, obtained from Parliament, authority to offer to the holders of every £100 of the three per cents a new two-and-a-half-per-cent. stock for £110, to be subject to redemption after 1894. This effected a reduction of the annual interest from three pounds to two pounds and fifteen shillings. One advantage to the holder was an addition of ten per cent. to his principal, provided his principal should ever be paid off, but the option of paying off remained with the Government and might never be exercised. The whole amount of the proposed exchanges of this kind which Mr. Gladstone was able to make, was less than £4,000,000.

At the same time, he obtained authority to offer to the holders of every £100 of the three per cents, an exchequer bond for £100, carrying an interest of two and three-quarters per cent. not longer than 1864, and thereafterwards an interest of two and a half per cent. until 1894, and then to be redeemable at par at the option, either of the holder or of the Government, as the Exchequer might decide to be most expedient to prescribe and express in the bonds. Mr. Gladstone did in fact decide to give the option of redemption to the Government, and the bonds were issued in that form. The total amount of bonds which holders of the three per cents could be induced to accept as an exchange, was £418,300.

In both these cases the persons who exchanged their three per cents. escaped the danger of being paid off, but it is apparent that the great body of the holders of three per cents. refused to believe that that risk was of much consequence.

Considering the enormous amount of the British three per cents, Mr. Gladstone's attempt in 1853 to reduce the interest to two and a half per cent., may be said to have been a complete failure. Some British writers maintain that the chance of success was greater then than now, because the highest price of consols in 1853 was 101, and had been 102 in 1852, whereas the highest prices recently obtained have been less. But evidently, the success of Mr. Gladstone in 1853, depended in no degree upon what the highest price of consols had been at any anterior period, and not much upon the highest price at the exact date when he undertook his experiment. It depended rather upon the price of consols during the time when he was pressing his offers of a new stock in exchange, and it turned out that consols fell after 1853. The highest and lowest prices of consols for six years were as follows :

Years.	Highest price.	Lowest price.	Years.	Highest price.	Lowest price.
1851	99 $\frac{1}{4}$	95 $\frac{5}{8}$	1854	95 $\frac{7}{8}$	85 $\frac{1}{4}$
1852	102	95 $\frac{7}{8}$	1855	93 $\frac{1}{4}$	86 $\frac{1}{4}$
1853	101	90 $\frac{1}{4}$	1856	95 $\frac{7}{8}$	85 $\frac{1}{4}$

In short, it turned out that the current rates of interest rose, with a corresponding fall in the prices of consols, as a consequence of the gold discoveries in California and Australia. This was exactly contrary to what every body in England expected, as indicated by the Parliamentary debates upon Mr. Gladstone's plans. The new money raised prices and stimulated business and, by thus opening new employment to capital, increased the profits derivable from it, and the rates paid for the use of it. Instead of being the best time for a British refunding operation, 1853 proved to be a very unlucky time, and the scheme fell through. As to what may now be practicable to be done, those will be wisest who make the least confident predictions, and the fewest predictions of any kind.

The London *Economist*, in its issue of May 1, says that while no rapid or "sweeping change" in the rate of interest on the public debt is to be expected, a "considerable operation in that direction" is possible, by means of modifications of the laws governing Post-Office Savings banks. What it proposes is, that the maximum of deposits allowed in those institutions should be lowered, and that persons desiring a Government security for sums larger than the new maximum should be offered Government two-and-a-half-per-cent. bonds for £ 20, or any multiple of £ 20, up to £ 100. Strangely enough, the *Economist* proposes that these bonds should be offered, not at par, but at the price of the day, or at the average price of the week previous. Whether the Government would effect any economy by that, would depend upon what the price of the day, or the average price of the week previous, might happen to be. Clearly, the direct mode of effecting the object of reducing the rate of interest from three to two and a half per cent. is to take advantage of the necessity of small bonds to small investors, and by issuing no small bonds at a higher rate than two and a half per cent., to compel those who have only a little money to invest, to be satisfied with that rate, or to go without a Government security for their savings. It is, of course, an objection to that mode, that it makes a somewhat odious distinction between those who are able to loan the Government £ 100 and upwards, and those who are only able to loan £ 20. But a worse distinction than that already exists in the fact, that those who have only £ 20 to loan cannot obtain a Government bond at all, as there are none issued for so small an amount.

The London *Times*, in its money article of April 27, advises the offer of a two-and-a-half-per-cent. stock, not at the

market price, but at par, and believes that in this way, "a great deal of money might soon be available for buying up the three per cents." It says that Lord Beaconsfield's administration had "borrowed considerable sums at rates of interest far below two and a half" on Treasury and exchequer bills, and that a carefully managed funding operation, bringing Government stock within reach of small purchasers, as in France, ought to make the public credit available at two and a half on long securities.

The power which Great Britain retains and exercises of imposing an income tax upon the holders of its National debt can always be resorted to, for the purpose of forcing them to assent to a refunding at two and a half per cent., or even a lower rate. That power, or some equivalent one, will doubtless be availed of when a great emergency arises. The income tax may be raised from five pence to five shillings in the pound, whenever Parliament determines that there is a public necessity for it, and a non-taxable consol at two and a quarter per cent. would then be marketable. The occasion for "heroic treatment" of that kind has not yet come, and may not come for a long time yet, but nothing is more certain that when a National debt has reached such a magnitude that no more than the interest on it can be raised by taxes in times of peace and average prosperity, it will be so swollen in times of war, or other great public calamity, that the payment of the interest alone will become impossible. Death is none the less certain because the time when it will come is uncertain.

BRITISH SAVINGS BANKS.

The objection made in Great Britain to that part of Mr. Gladstone's bill relating to the Savings banks, which increases the maximum of the deposits allowed to be made in them, comes from the ordinary banks and bankers, who justly fear that it will curtail their business and profits. In addition, however, to the injury to themselves, they allege that the country will suffer from the loss of the facilities which their present scale of deposits enables them to afford to trade.

A remonstrance of these banks and bankers against Mr. Gladstone's scheme, presented in the House of Commons, June 4, by Mr. Fowler, declared, among other things: "That it would put the Savings banks in direct competition with country banks in their own sphere of business.

"That it would have the effect of diminishing the funds at the disposal of the country banks to meet the local demands

of the district from which these funds were withdrawn, and to meet the requirements of the great commercial centres."

A Liverpool correspondent of the *New York Commercial Bulletin*, writing June 5, says: "The Savings bank bill introduced by the Government is likely to meet with a very vigorous opposition. Throughout the country the opinion in banking circles is dead against it. Bankers contend that they are not able to compete against the two and three-quarter per cent. interest with Government securities, but that the injury done them, with the present restrictions on Savings bank deposits, is not great. The raising of the limit of deposits, in one year from £30 to £100, and of the total deposits from £150 to £200, considerably alters the matter, and will have a very appreciable effect on the deposits in private and joint-stock banks. Much as it is desirable to give the very best securities, and as good interest as possible to small depositors, the object would be obtained at too great a cost if it entailed the limitation of our ordinary bankers' operations. It cannot be overlooked that the large total deposits in bankers' hands, of such depositors as the Government now seeks to reach, has been a great element of strength from their steady character, and that it is to the power possessed by our bankers that England owes so much of her great influence in the financial world."

The London *Economist*, of June 5, says: "It [Gladstone's bill] would do a great injustice to a very important industry. If the accounts of our provincial banks were analyzed, it would be found that some thirty per cent. of their deposits are of sums not exceeding £300. For these accounts, if the limit of deposits in the Savings banks be raised, the Government will compete with the banks, and it is obviously unfair to submit private traders to State competition."

All the deposits made in the British Savings banks of both classes, the Post-office banks and the old Savings banks under the management of trustees, are required to be loaned to the Government, either by purchases of consols, by discounting exchequer bills, or in some other form, except when otherwise invested at the request and risk, and for the account, of the depositor. If it is one of Mr. Gladstone's objects to multiply the facilities and diminish the cost of Government borrowings, by increasing the amount of savings available for lending to the Government, the policy is a perfectly legitimate one. If the proposition was advanced, that neither borrowing nor lending is any part of the proper business of Governments, and that they should be concerned in no pecuniary transactions whatever, except collecting their taxes and applying them to the payment of their expenditures, we should quite agree with it. But where, as a matter of fact, a debt, large or small, does exist, and in the

British case the debt is so large that it will never be paid off, it is the duty, as well the right, of a Government to borrow where it can borrow cheapest. What is certain is, that it cannot borrow in any form without competing as a borrower with somebody. When the British Government sells consols, it takes capital out of the market which would otherwise go into real-estate mortgages, railroad bonds, etc. If it takes the savings of the people, it competes with the ordinary British banks and bankers, who do business principally upon borrowed capital in the shape of deposits invited by offers of interest. This competition of the British Government in the loan markets, is an unavoidable incident of the situation; and will continue until that good time, which will never come, when the British National debt is paid off.

In the United States, the objection to the borrowing by the Government of the savings of the people, by allowing interest on deposits made by them, or in any equivalent form, would not come from the ordinary banks and bankers, among whom the practice of attracting deposits in that way is not much known. It would come from the managers of Savings banks, who have a natural desire to enlarge their own operations, and a natural repugnance to anything which would tend to restrict them.

An allowance by the United States Treasury of interest at the rate of two and a half per cent. per annum, with exemptions from taxation, for deposits demandable at call, and payable on short notice, at the option of the Government, would probably attract vast amounts of money, and doubtless as much as it would be advisable for the country to owe in that form. Borrowings by Governments, within certain limits, are always cheaper on short terms than on long ones. The English Government gets money at lower rates on three, six, and twelve-months' exchequer bills, than on consols, and the same thing is true in France. In this country, the credit of the Government is stronger than that of any bank or combination of banks. All the conditions which surround it, and especially that of exemption from panic alarms, render it exactly adapted to be used (if not used too far) in the way of loans at call.

INCREASED POSTAL BUSINESS.

An official statement compiled at the Post-Office Department shows that the issues of postage stamps, stamped envelopes and postal cards during the fiscal year, which ended on the 30th of June, foot up an aggregate of \$31,932,519, being an increase of nearly three and a half million dollars over the total for the preceding fiscal year, or 12.2 per cent. This percentage is about double the average rate of increase during the previous five years. The greatest proportional increase is in the item of postal cards.

THE RECENT INDIA LOAN.

The London *Economist*, of June 19, says: "The new India four per-cent. loan has been very successful. Last year the rupee loan of £5,000,000 was subscribed at an average of ninety-five per cent., whereas the present issue has been made at an average price of 103.3, and the difference between those two rates represents on a loan of £3,130,000 a gain to the Government of nearly £260,000. This favorable result was undoubtedly due to the decision of the Government to issue coupon certificates, a change in the form of the loan which we have often advocated, as one which would make the security acceptable to foreign capitalists. Two French syndicates have secured the bulk of the new loan."

The Paris correspondent of the same journal, writing June 17, says: "The two French groups which have subscribed the new Indian rupee loan, consist, one, of the Comptoir d'Escompte, and Banque de Paris et des Pays Bas, represented by Messrs. Hambro and Sons, of London; the other, of the Banque d'Escompte (M. de Soubeyran's), the Chartered Mercantile Bank, and Messrs. Samuel and Montague. An understanding was come to between the two groups on the price at which tenders were to be made, and as both tendered for the whole of the loan, each obtained one-half. Each group will act independently, with regard to the sale of its share to the public. The price here is generally considered as too high, and doubts are expressed as to whether the French public would invest in it."

The reason assigned by the *Economist* for the higher price of a rupee four-per-cent. loan this year than last strikes us as an altogether inadequate one. Doubtless, the coupon form was an attraction to foreign capitalists, but, in addition, there was the increased competition among European capitalists to get hold of public loans offering a fair show of security. Furthermore a rupee loan presents itself to Europeans as in one aspect a speculation in silver. It is paid for in silver, and the dividends on it are received in the same metal. One element, therefore, and a very important one, in the European estimation of a rupee loan, is the state of European opinion as to whether silver is likely to fall or rise hereafter, relatively to gold. The fact in this case that the French bid higher than Englishmen, and higher than anybody bid a year ago, tends to prove that French confidence in the future of silver is pretty strong.

The London *Economist* of June 26th says: "The transaction may be regarded as one showing a confidence, in at least the maintenance, or rather of a recovery of the price of silver."

The London correspondent of the *Scottish Banking Magazine*,

writes as follows, to the same effect, on the 25th of June : "It is somewhat a novel experience to find French bankers tendering for our Indian Government rupee loan, and to find that the price offered by them was the highest, so that they received the whole of the allotment. The fact is, that French financiers have a much better hope in the future of the silver market than is entertained by people on this side of the channel. Besides, there is a great dearth in the shape of high-class investments for French investors who have a plethora of money to invest, and the group of French bankers seem to be of opinion that Frenchmen will have no hesitation in lending on security of our Indian Government, and running the chance of a depreciation in the present price of silver. The speculation of this group of bankers will probably prove very successful. Silver is more likely to rise than to fall in value, and if the rupee should reach its old price of 2s. the gain to the holders at present prices of rupee stock will be very considerable."

That the French obtained this loan was not a surprise upon London. Long before the loan was awarded, the financial journals of that city warned their banking friends that strong French syndicates were being formed to compete for it, and if the English did not get it, it was merely because they were not willing to pay as much as their French neighbors.

On the 22d of May, and when this affair was pending, the *Economist* expressed its regret that the Indian Government should have proposed in Calcutta for a rupee loan at all. Its idea was that the thing to have been proposed for was a sterling loan in London, and in that connection it announced the following financial doctrine, which has, at any rate, the merit of novelty : "It can hardly ever be desirable for a government to borrow in two different markets at the same time."

What is desirable in such matters depends altogether upon the point of view, whether it is that of borrowers or lenders. It is for the interest of those who are compelled to seek for loans, to try all possible avenues, and to so diffuse their operations as not to raise markets against themselves. On the contrary, it is for the interest of lenders in any particular market, that customers for money should not go anywhere else for it.

On the view on which the *Economist* condemns the offer of an Indian rupee loan in Calcutta, it must necessarily maintain that a recent borrowing of the Province of Quebec, in the Paris market, was contrary to sound financial principles. What men have long enjoyed they naturally come to regard as their indefeasible right. The Londoners have had a substantial monopoly for two generations of manipulating all such public loans as have been negotiated outside of the countries making them. This monopoly has been enormously profitable, and a reluctance to give it up is the most natural thing in the world.

THE OCTROI TAXES IN PARIS.

[TRANSLATED FOR THE BANKER'S MAGAZINE FROM L'ECONOMISTE FRANCAIS OF JUNE 12.]

The Municipal Council of Paris has given itself up during all this week to resounding debates, and has ended by adopting a resolution, which has made some sensation in our capital, to wit: that for the taxation, at the rate of two francs per 1,000, of "the market value of all real estate, improved and unimproved, and of all private establishments for whatever purpose used." This motion was offered by M. Yves Guyot; it was a partial application of the doctrine of M. Menier concerning taxes upon capital. We say it was a partial application of that system, because M. Menier insists besides, that the market value of movable property, of art collections, and of everything which he calls "fixed capital" shall be taxed, and he has given to these words, sufficiently vague in themselves, a definition which would carry us very far. "Fixed capital" may be considered all capital which serves some use without a change of form. Jewels are in this category; the ear-rings of a woman are, according to this school, "fixed capital," as well as plates of Sévres, the library of a book-collector, the engravings, the designs and the thousand and one trifles, known under the name of bric-a-brac, of a collector. If we insist upon this point, it is because the partisans of the tax upon capital seem to expect much from the taxation of art collections, of jewels, etc., etc. According to the estimates which M. Englehardt, one of our principal councillors, has made, the "fixed capital" of Paris would reach a total which makes one's head swim; thirty millions, neither more nor less, and even rather more than less. We have omitted to add that in all this pretended "fixed capital" is included, by the school of which we speak, not only movables like furniture, but also movables used for any industrial purpose. Machinery, manufacturing plant of all sorts, carriages, boats, are "fixed capital." We think, even, that strictly, according to this doctrine, horses are "fixed capital" for they serve a use without a change of form. It will be seen that to be classed under the head of "fixed capital," an object need not have much fixity. In strictness, still following out the system, money, coined money at least, would be "fixed capital," for it serves a use without a change of form; it is true that it will hardly serve any without circulating.

The Municipal Council, in its plan for a new tax, stops at "real estate, improved and unimproved, and all private establishments, for whatever purpose used." The last phrase is very vague; it is difficult to understand what it means.

If the "private establishments for whatever purpose used" are "real estate, improved or unimproved," it is not readily seen why the Municipal Council has wished to be guilty of a redundancy, a pleonasm. If, on the contrary, these "private establishments for whatever purpose used," are not "real estate, improved or unimproved," what then are they? Are they, for example, the value of funds invested in commerce, in stocks of goods in shops, in the business and good will of a notary, and of an advocate, etc.? This would be contrary to the majestic doctrine which wishes to tax nothing but "fixed capital."

The resolution passed by the Municipal Council is therefore very ambiguous; it is not at all certain what it means. We think, nevertheless, that there is no mysterious surprise concealed under these words "all private establishments for whatever purpose used;" that the Council has simply been guilty of a redundancy, a pleonasm, and that, in the end, it will come down to a tax upon "real estate, improved and unimproved;" or, more exactly, upon buildings belonging to private individuals, and upon lands. There is a French verse which has become a proverb: "That which is well understood is clearly expressed." Is it, that the Municipal Council, which has just voted a new tax in such equivocal terms, did not clearly understand what it wished to say? Heaven forbid our thinking so! We much prefer to believe that the Municipal Council makes little account of Boileau, the author of the proverb in question, and a poet much abused among the Parnassians and Olympians of the day.

It appears to us evident that household furniture, art collections, and jewels have, for the moment, escaped the severities of the Municipal Council. It has talked much of these subjects in the course of the discussion; but there is no mention of them in the resolution, and it seems to us scarcely probable that a picture, a statue, or a jewel enters into the category of "private establishments for whatever purpose used." The Municipal Council will have besides, according to all the probabilities, time enough to amend the language of its proposed tax bill. It is, in fact, without power to institute a new tax; its resolution, although having an imperative form, is nothing but a simple wish. The Chambers (the National Legislature) will not be likely to be in a hurry to take from it this character, by granting it.

It is known what has been the origin of the discussion to which the Municipal Council has given itself up, and of the decision which it has taken. Our readers have only to refer to the "Letter from a Tax-Payer" printed in our number of the 22d May last, to find the beginning of the whole business. The Minister of Finance had had the idea, generous but unfortunate, of proposing a reduction of the State tax upon wines brought into Paris, and requested the Municipal

Council to follow his plan, by voting in its turn, an equal reduction of the *octroi* tax imposed upon the same commodity. The idea was unfortunate, because wines paying at Paris in the neighborhood of twenty-three francs per hectolitre, by way of tax, and costing at the least from fifty francs to sixty francs per hectolitre, this reduction of 3 fr. 75 would have been insignificant, and of no benefit to the generality of consumers. The Municipal Council wished to carry the reduction to five francs per hectolitre, by a reduction of the *octroi* tax to the extent of 3 fr. 13; this would have been much too little. To be really useful to the taxpayer, the reduction ought to be 10 fr. per hectolitre; if this cannot be done, it would be much better to diminish the other taxes. However this may be, even limiting the whole reduction to five francs per hectolitre, at the rate of 1 fr. 87 on the part of the State, and 3 fr. 13 on that of the City, the diminution of the receipts of the Municipal Treasury would have amounted, in round numbers, to fourteen millions of francs. Now, the Municipal Council has several surplus funds, from other taxes, as large as this, but it intends to devote them to public works, having given up—very foolishly—borrowing, even moderately, for extraordinary expenses. To recover, either in whole or in great part, the fourteen millions which it would lose by the reduction of the tax upon wines, and of which it did not wish to make a complete sacrifice, the Municipal Council went in search of new taxes. It hesitated between some centimes in addition to a tax upon rentals already exorbitantly progressive, a municipal tax upon all incomes, and a tax upon "fixed capital." The last is the one which it has chosen, and it does not disguise its intention, not to-day, but at some time, to suppress the *octroi* entirely, replacing it by the tax upon capital.

A tax upon lands, whether built upon or not, is no novelty; it is what the English and Americans call the tax upon real property. It is a tax no worse than others, upon one condition, which is applicable, indeed, to all taxes, viz., that it is not abused. A tax upon real estate, at least in cities which are prosperous and growing, is a tax upon rentals. The landlord simply pays the tax in advance, and at last, if not in the first instance, throws the burden of it upon the tenant. Rents are high in Paris; if the *octroi* is suppressed and replaced by a tax upon capital they will be higher; they will increase either a tenth, a fifth, or a quarter, according as the tax shall be more or less raised.

That which the workman calls with great injustice, "the servitude of paying rent" will become heavier. By way of compensation articles of food and drink, those at least which are taxed by the *octroi*, such as wine, alcohol, eatables and fuel will have a tendency to become cheaper, when they are freed from municipal taxation. Mark the words which we have

used; we do not say all these articles will become cheaper, but "they will have a tendency to become cheaper." Experience proves that, when habits are fixed, and when for a long period prices have been at a certain level in retail trade, they descend but slowly and partially below that level, whatever may be the variations of price in wholesale trade. This has been proved a hundred times. It exists under our own eyes, in the case of butcher's meat, for example, the price of which, on the hoof, has been noticeably lower for the year past, while it has been rather higher at the markets. A tax upon capital, we say, is not a novelty, and those who propose it in France have made no discovery. It was made use of first in the United States, and afterwards in many Swiss cantons. But in these cantons it is ordinarily joined to a tax upon income, so that a tax is paid at once upon capital (*vermögensteuer*) and upon income (*Einkommensteuer*); those who have an income without capital pay the latter tax and not the former. Moreover, the tax upon capital in the Swiss cantons is levied upon all capital, real and personal. The characteristic feature of the doctrine advocated in France is to wish to establish a tax upon capital *only*, a tax intended to supersede all others; it is, in the end, to levy a tax solely upon what is called "fixed capital," and to exempt from it all capital which circulates, all wealth which is in personal property, or at least all that, which in the category of personal property, is not the mere representative of realty.

To this system we have made many objections; the basis of the tax is too narrow for a single tax; the greater number of citizens pay no tax at all, and only feel the weight of a single tax so indirectly as not to be well aware of it; indeed, very important classes of citizens, merchants who own no real estate, bankers, doctors, lawyers and a thousand other professions, richly rewarded, would pay no tax, local or national; they would not suffer from the bad management of public business, unless it should profoundly compromise the general interests of society; having never a sou to pay to the tax collector, they would be tempted to have much indulgence for plunderings of the public revenues, and even to lend a hand in them. These dangers, we believe, are serious. We enumerate them without going further. Our municipal council proposes to suppress the *octroi* duties and replace them by this famous tax upon "fixed capital." Let us examine the figures of the revenues which it would lose, the equivalent which it must find for them, and let us seek the rate at which, to accomplish this, the tax upon capital must be fixed.

The Paris *octroi* yielded 118 millions in 1875, 124 in 1876, 125 in 1877, 132 in 1878, 133 in 1879; the surplus for the first five months of the current year is 3,700,000 francs, and although the Director of city finances supposes that

this surplus is due to accidental causes, we insist, on our part, that it is perfectly natural and that it will carry to 138 millions, at least, the product of the Paris *octroi* in 1880. As to the costs of collection, they are less than seven millions. The net product ought then to be estimated at 131 millions. It is not necessary to stop at this statement, as is commonly done. The Paris *octroi* is useful not only to the City, which receives from it the considerable sum of 131 millions net; it is also useful to the State. It is at the barriers, by means of the mechanism of the *octroi* duties, that the State collects in our own capital its tax upon liquors. To suppress the municipal *octroi* duties, without at the same time abolishing the entrance taxes of the Treasury, would be a mystification; commodities would not be free, commerce would not recover all its freedom of action. The taxpayer would find with reason that a great effort had been made to result only in a partial reduction. What, then, are the taxes which the Treasury levies at the entrance of Paris? According to the *Bulletin de Statistique* for 1879 (Vol. V, pages 180 *et seq.*), the State received at the barriers of Paris 53 millions, in round numbers, of tax upon wines, 23 millions upon alcohol, a half million upon cider and mead. It is, on the whole, more than 76 millions that the *octroi* has furnished the State, in addition to the 131 which it brings to the city. Let us add the two amounts; the suppression of the *octroi* would cause a loss as well to the national treasury, as to the city treasury, of 207 millions of francs—we may put it at 210, for the receipts are constantly increasing, and as regards the State we have only taken the figures of 1878. Such, then, is the sum which must be demanded of the tax upon "fixed capital" in Paris; 210 millions of francs without reducing at all the four direct taxes already existing.

What is the value of the fixed capital in Paris? M. Englehardt says thirty milliards and even more. It should be very much reduced; we say, in our opinion, a dozen milliards. We have the most exact statistics of the rental value of the buildings in Paris. According to the list revised two years ago, there were in 1878 in Paris 74,740 houses, containing 1,022,539 tenements, of which 337,587 were occupied for industrial purposes, commerce, private business, and 684,952 served as dwellings. The rental value of the whole was 579,887,644 francs. That only represents a salable value of nine to ten milliards. Add, if you please, a milliard for household furniture, if that is to be counted as fixed capital; a milliard for land (not built upon); a milliard for machinery, etc., which is also counted as taxable capital; you reach twelve or thirteen milliards of francs. These twelve or thirteen milliards of francs must furnish 210 millions to replace the *octroi*. It will be necessary to tax at the rate of

seventeen per thousand of valuation, or one and seventeenth per cent. A man owning a house worth 100,000 francs would pay 1700 francs; another owning a house worth a million would pay 17000 francs, in addition to all the direct taxes now existing. It will be found, perhaps, to be better to suppress the four direct taxes existing and to demand compensation for them in an increase of the tax upon fixed capital. The four direct taxes, including with them license taxes, yield at Paris a hundred millions, either to the State, the Department or the City. 310 millions, then, must be demanded of the twelve or thirteen milliards of fixed capital. The charge upon them would be raised to twenty-five per one thousand, or two-and-one-half-per-cent. A house worth 100,000 francs would pay 2500 francs, plus 500 francs at least for the tax upon capital invested in furniture; a house worth one million would pay 25,000 francs, plus 5,000 francs, probably, upon the market value of the furniture. What would it be, if it should be wished to replace by the tax upon "fixed capital" the tax upon sugar, tobacco, registry taxes, stamp taxes, customs, taxes upon carriers, etc! Now it would be nearly five per cent. which the unfortunate "fixed capital" must pay to the public treasury!

PAUL LEROY-BEAULIEU.

CANADIAN FORESTS.

The area of the Province of Quebec is 193,355 square miles, or 123,747,200 acres, divided as follows: crown lands, 98,646,594 acres; private lands, 25,100,606 acres.

Of the Crown lands, 40,000,000 acres are destitute of timber, being in a very high latitude, and above the tree-producing limit.

Of the timbered lands belonging to the Crown, 30,386,800 acres are under licenses to cut timber, and of these, 3,058,480 are either burnt or exhausted of timber. On the remaining timbered lands belonging to the Crown, being 28,259,794 acres, licenses to cut timber have not yet been granted.

Of the lands owned by individuals, it is estimated that 7,000,000 acres have been cleared, and that the remainder, being 18,100,606 acres, is still wooded, although far from being a primeval forest.

The population of the Province of Quebec in 1871 was 1,191,516, and is not supposed to have increased much since outside of the city of Montreal.

The aggregate of its timbered lands, belonging to individuals and to the Crown, is 76,747,200 acres. Or if the 3,058,480 acres reported to be either burnt or exhausted, are

deducted, there is still left an aggregate of 73,641,720 acres. The total number of acres in New York and the New England States, timbered and cleared of timber, is 75,830,720, and that comparison will give an idea of the extent of the wooded lands in Quebec.

The principal woods of the Province are white and red pine, spruce, hemlock, tamarac (or larch), maple, elm, cedar, ash, birch, and beech. Hemlock does not grow as far north as pine or spruce, but is abundant on the somewhat limited areas where it is found. The Quebec forests, as a whole, contain a much less amount of timber to the acre than is found in New York, Pennsylvania, and the lower peninsula of Michigan.

From its high latitude and extreme cold, the greater part of Quebec may be expected to remain a forest for an indefinite number of years. The conditions, in these respects, are like those of the Baltic regions, which have held out so long as sources of timber supply. In milder countries, where the woodman is followed by the plough, forests soon disappear, but there are large portions of Quebec which will produce nothing but trees for a century to come. Inhospitable climates, like rugged mountains, do at least perform the one good service of preserving timber for the use of man, against his own improvident waste.

Aside from the lands cleared for agriculture, it is by no means certain, notwithstanding all that Canadians report to the contrary, that the quantity of wood standing to-day in Quebec has been diminished in any appreciable degree by all the cuttings of the last century. Trees come to their death by age, if they escape the stroke of the axe, and a forest which has reached maturity, gains nothing by being let alone. Within certain limits, at any rate, cuttings are compensated by the new growth which they render possible and stimulate.

If the British Government, as is not altogether improbable, should re-impose its old differential duties against timber from the Baltic, repealed about twenty-five years, so as to throw the demands of British timber consumption more upon Canada, the forests of Quebec might be sensibly drawn upon from that quarter. But under present circumstances, with the British markets so largely supplied from Norway, Sweden, and Russia, the lower valley of the St. Lawrence will be able, without sensibly depleting its resources, to continue its present rate of supply to the markets of the United States. It is certain, however, that the last named drain upon the Canadian forests will continuously increase, and that the increase will be at a constantly accelerating ratio.

WATER SUPPLY IN LONDON.

We have heretofore referred to the enormous sum which the Beaconsfield cabinet proposed to have the Metropolitan Board of Works pay to the eight London water companies for the purchase of their several properties. The affair is still under discussion, and it is by no means improbable that the same measure, or something near it, may be proposed by the Gladstone cabinet.

The total construction expenditures of these companies to December 31, 1879, were £12,242,018. On the 30th of August, 1879, before a purchase was proposed, the total market value of the shares in all the companies was £18,596,325, in addition to which, their outstanding debts of all kinds were about £3,000,000, making a total of £21,596,325. The proposition of the Beaconsfield cabinet was a present payment of £22,098,700, and additional payments from 1880 to 1892, of £9,300,000, of the present value of £6,851,300, being equal in all to a present payment of £28,950,000. The claim of the companies to a price so much beyond either the cost of their works, or the market value of their stock at this time, was based, of course, upon an expected increase of earnings in the future. The matter caused naturally a good deal of excitement in London, where a large party denounced the price as being outrageously extravagant.

Mr. E. J. Smith, who was in some way employed in the business by the late Home Secretary (Sir R. A. Cross), testified recently before a Committee of the House, as to the basis of the expectation of an increased future income. His language was: "The increment is mainly occasioned by the increase of the population. There were 20,000 houses built last year; each house requires water; and, as the works of the companies are ready, a few additional pipes afford the supply, and enormous profits on the additional expenditures are realized."

On the other side, the London *Economist* says: "To dissect the argument on which Mr. Smith's theory is based, seems hardly necessary from the evidence at present before us. A reasonable expectation of improvements in dividends is, in a general way, always included in the selling prices of the shares of a company. Indeed, in some cases, the speculative feeling engendered will raise the price to a point at which only a very low return for the amount invested can be obtained. Nor can increases of consumption be regarded always as affording the same profit as that previously gained."

The same journal says further: "In valuing, the fact *that*

the growth of the metropolis is an uncertain quantity, should not be lost sight of."

This last suggestion is not only pertinent, but of the first importance. London is not to go on forever building houses at the rate of 20,000 per annum. Building everywhere in England has been stimulated since 1874-5 by a glut of capital, the cheapness of labor and materials, and the difficulty of finding safe investments. Many good authorities say that it is "over built." We published some months ago several items of evidence, that this was specially the case in London. The commercial and manufacturing future of Great Britain is not so well assured that the past growth of its cities can be taken as a safe measure of their future growth.

THE CUSTOMS OF BANKERS.

THE GILBART LECTURES ON BANKING,

DELIVERED AT KING'S COLLEGE, LONDON (SESSION 1880),

BY PROFESSOR LEONE LEVI, F.S.A., F.S.S.

Two streamlets are constantly enriching the soil of commercial law: the one is the customs of merchants and bankers; the other, the principles of ethics and commercial equity; the first founded on convenience and fitness, generalized by the instincts of imitation and the necessity of correspondence; the second founded on rules of morals inflexible and immutable, yet ever acquiring greater development and infusing in all commercial relations a higher and nobler spirit. There is, indeed, a third element in commercial law—the direct will of the Legislature as expressed in the statutes and ordinances of the realm, or the written law; but even that is, after all, the embodiment of right practice, the expression of universal consent. All principles of jurisprudence are evolved, with those of moral conduct, from a long series of obscure, extremely complicated, and minute transactions—the self-performed experiments of society. As art always precedes science, so customs precede law. Economic principles in action, causes arising from the necessity of the subject, these are the parents of British legislation; and the scientific study of British jurisprudence is the consideration of the origin and purpose of its particular laws.

Ethics and jurisprudence are, indeed, derived from the same source. That law originally emanated from the Divinity, is an opinion held by many philosophers of ancient times. "All laws come from God," said Plato; "no mortal man was the founder of laws." Heraclitus affirmed, "All human laws are nourished by one divine law." Dr. Main, in his *Ancient Laws*, tells us that the Greek judges were sup-

posed to receive from "Theme," a divine agent, "themistes," or "awards divinely dictated." Chrysippus said, "We cannot find any other principle or origin of justice, but by going back to Jupiter and to universal law; it is by that we must commence when we wish to speak of good and evil." Cicero maintained, "that law is nothing else but right reason derived from the Divinity: and Government an emanation of the Divine mind." And what is the source of all ethics but the will of God? It has been said that the obligation of every law depends upon its ultimate utility. The utility of an act may be the criterion for judging of its rectitude; but the authority of the act is from the Divinity. Mr. Herbert Spencer, in his work, *The Data of Ethics*, discards any sacred origin for morals, and wishes us to concentrate all our thoughts on the evolution of moral conduct. I fear, however, that this philosophic argument, whether or not capable of proof, will assist us very little indeed in dealing with social and political problems, whilst it takes away the highest of all sanctions and the purest of all standards for moral actions. Moral, like physical laws, are immutable, because they both spring from the same eternal source—because they depend on no caprice of man, and are not affected by *their* passions, *their* wants, or *their* weaknesses. Nor are they confined to locality, or restricted by local customs; their jurisdiction is co-extensive with the jurisdiction of Him by whose fiat the world exists, and by whose constant superintendence the elements follow their course and all human vicissitudes are wisely and beneficially governed.

The demands of ethics are searching and peremptory, but they are too often unheeded and transgressed. Their teaching is not sufficient to secure a right compliance with moral duties. But jurisprudence comes to the aid of ethics, and, by its agency, what might remain a bare conception of right becomes invested with all the solemnity of law. "Our morality," said Dr. Whewell, "would become a mere formula of unmeaning words, if, having asserted our duty of honesty, purity, and humanity, we allow each person to decide for himself what is purity, what is veracity, and what is humanity, without recognition of the common rules by which purity, marriage, and personal security are regulated." There is this difference between ethics and jurisprudence, that while the one addresses the more elevated feeling and nobler sentiments of our nature, appeals to a standard of moral rectitude, contemplates the high destinies of man here and hereafter, and convinces the understanding by lessons of wisdom derived from experience, law confines its views to the arrangement of matters in this terrestrial globe, and employs as its means of control and direction the motives and considerations which arise out of or are affected by the exercise of that physical force which the Author of nature has placed

at the disposal of man when united in society. And so, mixed up with a load of forensic pleadings and the dross of circumstantial evidence, many a golden principle of equity and justice is to be found well enunciated and firmly established in our system of jurisprudence.

Year by year some advance is being made in bringing our laws more and more into harmony with the principles of morals. The law making it a misdemeanor in a manufacturer to use the mark of another was a concession to the dictates of ethics. The Fraudulent Trustees Act—making it a misdemeanor in any person acting as trustee of any property, or for any public or charitable purpose, to appropriate the same for his own use, with provisions applicable to bankers, merchants, brokers, attorneys, and agents—was another Act upholding morals and duty. So were the late statutes extending the law of false pretences. So was the Act to facilitate the remedies on bills of exchange by preventing frivolous defences. And so is every advance in the fusion of law and equity. "The duties of men," said Sir James Mackintosh, "of subjects, of princes, of lawgivers, of magistrates, and of States, are all parts of one consistent system of universal morality. Between the most abstract and elementary maxims of moral philosophy and the most complicated controversies of civil or public laws there subsists a connection. The principle of justice, deeply rooted in the nature and interest of men, pervades the whole system, and is discoverable in every part of it, even to the minutest ramification, be it in a legal formality or in the construction of an article in a treaty."

Whilst ethics temper, control, and elevate the principles of jurisprudence, customs and usages enrich and enlarge them. What is the common law of England but a collection of National customs, partly general, partly local, partly of trade, and partly of banking? The English common law is said to be a preëminently National system. Based on Saxon customs, moulded by Norman lawyers, and jealous of foreign systems, the common law is, as Bacon said, as mixed as our language and as truly National. Usage is the necessary complement of every legislation. The special legislation of each people bears the imprint of the different conditions through which it has passed. After the Romans conquered the Gauls, the Celtic usages still remained. When the Germans invaded the Gallic soil on the left of the Rhine, they had to respect their laws. When England invaded India, she respected her ancient laws. In olden times the Roman law was almost deified for its justice, for its precision, for its depth. Nevertheless, England saw in her National customs an original type, a special character, more sympathetic with National habits, more akin to National ideas, than any Roman law. Expressed in National language, the common

law sounded better than any Latin digest. Pressed by ecclesiastical influence, the Roman law became distasteful to a Protestant nation, and so the common law triumphed. But it is not only England that favored her own National customs: France did the same. *Le droit coutumier* was, before the formation of the French Code, a well-understood and acknowledged system. *Le grand coutumier de Paris* is of a like character as the customs of London.

Written or unwritten, these usages obtain, and find ready acceptance in the State, in the city, in the trade, in the occupation, wherever they exist. But how shall we ascertain the existence of such customs when they are not written? Take the case of a custom of trade. The opinion of merchants is not the customs of merchants, though the evidence of the general opinion of merchants is allowed to be given to prove the customs of merchants. A usage of trade is a general and prevailing course of business. In a recent case, Lord Justice Tindal asked a witness, "Is there any general course of business? Let your mind revolve over instances. I am not asking you whether it is just or proper, but whether there is any prevailing course of business. Either you know such a course of business, or you do not; if you do not, say so." A custom is binding and obligatory upon all persons engaged in a certain trade, when long and universally acted upon by all persons in such trade, who may therefore reasonably be presumed to have made their contract upon the faith of it. The customs of bankers are the general customs, not of this or that bank, but of bankers as such. They may be of London bankers, or Scotch or Irish bankers, but not of any one banker in particular. So colonial bankers and foreign bankers may have their special customs, but they must be general, well known, and well adhered to, before they are judicially acknowledged as binding upon all parties connected with the same.

The principles which regulate the authority of banking customs may be gathered from the practice of the Courts respecting any other branch of commerce. The Stock Exchange, for example, has its own customs, affecting jobbers and brokers, members of the same. In a recent case, the point was whether a jobber was bound to indemnify the vendor against calls; and Chief Justice Cockburn, after stating what the usage was, said, "It is admitted that, at least to some extent, the usage must be taken as having been imported into and governing the contract. Here we have an admitted departure from the ordinary incidents of a contract of sale, such as would have attached on a contract for the sale of shares if effected *outside* the walls of the Stock Exchange. The action is therefore based on the contract of sale, as qualified by the usage of the Stock Exchange, and we can therefore deal with it according to the usage, as it is

to be collected from the case before us, and as it is applicable to, and incorporated with, the contract." So, in shipping and insurance, a plea of a custom that underwriters are not liable, under the ordinary form of policy, to general average on account of the jettison of any timber stowed upon deck, was held to be a valid plea, as it was shown that the policy was made with reference to the custom. It was a custom in Liverpool, where the policy was made. The whole matter depended upon usage and custom and that was a reason why the custom should be admitted.

Lloyd's has its own customs, which are binding upon its members; but, beyond the circle of those which are ordinarily dealing at Lloyd's, such customs have no force whatever. The usage of a particular place, or of a particular class, cannot be binding on other persons, unless those other persons are acquainted with that usage and have adopted it. There is a custom at Lloyd's to substitute credit for payment between the broker and underwriter. A Plymouth merchant made an insurance in London through a broker, and intrusted the policy in his hand for safe-keeping. Losses having occurred, and an adjustment made, the underwriter set off the amount payable by him upon the policy against the balance due to him from the broker for premium and other policies effected by him. The Plymouth merchant, however, was not paid by the broker, and he sued the underwriter, knowing nothing about the custom of Lloyd's. The underwriter pleaded the custom, but he did not succeed; for such a custom, unreasonable in itself, could not be binding on the Plymouth merchant who was ignorant of it.

Whenever the custom can be well proved to exist, parol evidence of the same is always admissible, to enable the Court to arrive at the real meaning of the parties, who are naturally presumed to have contracted in conformity with the known and established usage. But parol evidence of a custom and usage is not admitted to contradict or vary express stipulations. Omissions may be supplied by the introduction of the custom; but the custom cannot prevail over and nullify the express provisions and stipulations of a contract. The known and received usage of a particular trade or profession, and the established course of every mercantile or professional dealing, are considered to be tacitly annexed to the terms of every mercantile contract, if there be no words therein expressly controlling or excluding the ordinary operation of the usage. "In all contracts," said Baron Parke, "as to the subject-matter of which known usages prevail, parties are found to proceed with the tacit assumption of these usages; they commonly reduce into writing the special particulars of their agreement, but omit to specify these known usages which are included, however, as of course by mutual understanding. Evidence, therefore,

of such incidents is receivable." It should also be understood that a custom can never by its own force prevail against the formal provision of law, and that it cannot permit that which the law prohibits. It is only when the law is silent, or when it is inapplicable, that a judge has the discretionary power to ascertain whether the usage of trade offers an element for decision, and where any special agreement seems opposed to natural law, that the judge is at liberty to consider whether, by reference to custom, something may be found which may explain the difficulty, or render the agreement capable of being executed.

It is with customs relating to bills of exchange, promissory notes and cheques, that bankers come more directly in contact. The form and mode of presenting, noting, and protesting of foreign bills on non-acceptance are almost exclusively regulated by the customs of merchants. The meaning of the words, "at usance," in bills depends upon the custom as between London and each country. Days of grace are purely matter of custom. What is known as blank indorsement is a simple matter of custom. The issue of first, second, and third of exchange, as well as of copies of bills, are also a custom, and so are all the transactions of current accounts between banker and customer. For instance, a bank was charged by a customer with having shown the state of his account to another customer without authority, whereby he suffered in his credit. Evidence was produced that it was not the general and usual practice of bankers to give information about the state of a customer's accounts with them to any person unauthorized by the customer to receive such information, and the jury found that it is the duty of a banker in no way to disclose the state of his customer's account; and so they gave damages to the plaintiff.

The most conspicuous illustration, however, of the force of banking customs may be found in the present law relating to crossed cheques. The crossing of cheques originated at the Clearing House, where the clerks of the different bankers who did business there were accustomed to write upon the cheques the names of their employers, so as to enable the Clearing-House clerks to make up the accounts. The crossing them had nothing whatever to do with the restriction of negotiability, for, at the time when this was done, the cheques were in the course of payment, or presentation for payment, and all their negotiability was at an end. Afterwards it became a common practice to cross cheques, which were not intended to go through the Clearing House at all, with the name of a banker, and with the words "& Co." And so a custom was introduced, that where a cheque was crossed, bankers generally refused to pay it to any one except a banker. The object of this was to secure a payment, not to any particular banker, but to a banker, in order

that it might be easily traced for whose use the money was received. It was not intended thereby to restrict the circulation or negotiability of cheques, but merely to compel the holder to present it through a quarter of known responsibility and credit. In 1872, however, a case arose where the holder, not content with the words "& Co.," crossed a cheque with the words "Bank of England for account of the Accountant General." And the question was, Did or did not the first crossing, "To the Bank of England for account of the Accountant General," impose a duty on the bankers on whom it was drawn not to pay the cheque, except to the Bank of England. Could such a restriction be imposed at all? Upon these and other points, in that original and subsequent cases, considerable diversity of opinion prevailed as to the extent of the usage, and the real meaning and effect of the enigmatic words or lines written across the cheques of bankers; and consequently legislation became necessary to settle the matter. Statutes, let me observe, are often simply declaratory of the general law or custom on any point, and the Acts on crossed cheques, the last of which was passed so late as 1876, simply expresses the well-known customs of bankers respecting the same.

The effect of passing a cheque through the Clearing House was brought out in an important case. The branch bank of the Bank of England, at Newcastle, discounted a bill of exchange drawn by Pollard & Co., who were customers of the branch bank, upon Messrs. John Hopper & Sons, and accepted by them payable at the Bank of Messrs. Lambton & Co., also bankers at Newcastle. According to the practice prevailing among bankers at Newcastle, the branch bank, on the morning when the bill became due, took it to Lambton & Co. who marked it for payment, and gave a credit note, indicating that it, with other moneys, was in order for payment, and would be paid. About two p. m. on the same day a clerk of the branch bank, in accordance with the practice, took all the cheques which had been received, drawn on Lambton & Co., together with the credit note, to the bank of Lambton & Co. The credit note was admitted into the total amount, and a cheque upon the branch bank was, in accordance with the practice, handed by Lambton & Co. to the clerk for the amount of the balance due to the Bank of England. At three p. m. the banks at Newcastle close to the public, but it is the practice for the bankers who keep accounts with the branch bank to attend such bank, before it finally closes for the day at four p. m., for the purpose of having the day's accounts investigated, and of rectifying any mistakes or errors which may have arisen in the course of the day, and finding and striking the final balances between them. When the bank of Lambton & Co. closed at three o'clock, it was ascertained that Hopper &

Sons had stopped payment, and that their balance was not sufficient to meet the bill. Notice was at once, and before four p. m., given to the branch bank that the bill had been paid in error, and they were requested to take it back. Before such notice was received the account of Lambton & Co. had been debited with the amount in the account of the branch bank, and the branch bank refused to take the cheque back, and so they sued the Bank of England, but they did not succeed. It was not shown that the giving up of the cheque was provisional only, and subject to rectification upon going over the accounts later in the day. Such giving up of the cheque by Lambton & Co. amounted to payment of the bill to the Bank of England, and Pollard & Co. were enabled to have credit with them for the amount of the bill.

Passing a bill through the Clearing House has become such a general custom that bankers are required to conform themselves to it. In a recent case, a cheque drawn upon bankers at Worthing, had not been passed through the country Clearing House. The plaintiff showed that for eighteen months the course had been to send country cheques to London, though before the commencement of the eighteenth month the custom had been to send cheques by the post on the day on which they were received to the country banks on which they were drawn, instead of sending them through the country Clearing House. The judge asked the jury whether the custom had been as above described, and, that having been established, the Court decided that it was incumbent on the party to send the cheque through the Clearing House.

The right of bankers to a lien on securities placed in their hands is a custom. If a customer deposits with his banker a security, and nothing more appears, then the banker has by custom a lien on such security for whatever balance may be due from the customer. But there is some ambiguity in the term "securities." Anything may of course be deposited, and deeds or plate, after they have been deposited, may be said to be a security; but what is intended as such securities are promissory notes, bills of exchange, coupons, bonds of foreign governments; and the Courts have held, that if such securities are deposited by a customer with his banker, *and there is nothing to show the intention of such deposit*, one way or the other, the banker has by custom a lien thereon for the balance due to him. If, however, any of these securities are deposited for a special purpose, then the presumption of lien is at an end. Thus, it is the custom of bankers to receive exchequer bills from their customers, and in the course of their business to receive the interest on these bills, and to get these bills exchanged at the proper time for others. The contract with the bankers is that they will receive the bills and take care of them. But though bankers have a lien on

all securities passed to them in the ordinary account, their lien does not extend to such exchequer bills deposited with them for a special purpose. In the same manner plate and other valuables or securities, intrusted to a banker simply for safe keeping, cannot be understood as passing to the bankers. Bankers have a general lien on all securities deposited with them as bankers by a customer, unless there be an express contract, inconsistent with lien, or unless there be evidence to show that any particular security was received under special circumstances which would take it out of the common rule.

It is the custom of bankers to close their business at a specific hour; and if such a custom has been adhered to for a considerable time, it creates duties, and the Courts of law will take judicial notice of the same. In a recent case, upon the latter custom, the Court said—If a bill be accepted payable at a banker's, the party taking it under such special circumstances, which he is not bound to do, thereby impliedly agrees to present it for payment within the usual banking hours, at the place where it is made payable, according to the known method of conducting business; otherwise, the greatest inconvenience will arise.

It is necessary to remember that a custom of bankers is a different thing altogether from any particular business adopted by bankers. A custom is a particular fashion of doing any business, not the business itself. English bankers generally limit themselves to taking money on deposit, some under the custom of paying interest, some under the custom of paying no interest whatever; they discount bills, and lend money on sufficient securities. Scotch bankers lend money also on what is called the cash credit system. But foreign bankers go far beyond: they lend money on mortgages and on consignments, and often they act as commission agents also. I shall not enter now upon the risks incident to such extra and exceptional business, which is certainly far from safe, but simply observe that these are not really in any wise customs of bankers, and that if a banker will enter into transactions of any kind purely of a mercantile character, he must himself act according to the custom of traders. It is well, moreover, to distinguish good customs from bad ones. Adam Smith, in his work on the *Wealth of Nations*, refers to the bad practice, in his time, of allowing A in Edinburgh to enable B in London to pay the first bill of exchange by drawing, a few days before it became due, a second bill at three months' date upon the same B in London. This bill being payable to his own order, A sold in Edinburgh, and with its proceeds purchased bills upon London, payable at sight, to the order of B, to whom he sent them by post. At other times A would enable B to discharge his first bill of exchange by drawing, a few days before it became due, a.

second bill, at two months' date, not upon B, but upon some third person, C for example, in London. The other bill was made payable to the order of B, who, upon its being accepted by C, discounted it with some banker in London, and A enabled C to discharge it by drawing, a few days before it became due, a third bill, likewise at two months' date, sometimes upon his first correspondent B, and sometimes upon some fourth or fifth person, D or E, for example. Here is a maze very difficult to unravel, all concocted in order to cover unreal transactions. And what are all the accommodation bills in circulation but a deception upon the public—a make believe of real transactions?

Some of our bankers are in the habit of making advances to their customers, guaranteed by the deposit of bills of lading and policies of insurance, the safety of the transaction depending on the margin between the amount advanced and the probable value of the produce on its arrival. The whole system of financing companies by which bankers were made to negotiate paper issued on the security of property and public works which did not exist, and might never exist, was dangerous in the extreme. Advances upon life policies are very unsafe, since their value depends upon the continuous payment of the annual premiums, and on the conduct of the assured in any matter affecting his own health. And it is a bad practice for a banker when he begins to nurse an account. Mr. Gilbart depicted, almost with prophetic accuracy, the consequences of such a system as illustrated by the bankruptcy of the City of Glasgow Bank. To pursue any business or practice of this nature is the very ruin of a bank. These cannot certainly be called the customs of bankers, for there would be no consensus on the part of bankers, or any one of them.

A banker should take great care, in his dealings with his customers, not to establish a practice involving the giving of indiscriminate credit. When a banker is in the habit of taking up bills for a customer on the security of the produce of consignments, and by a course of dealing with him permits him to draw on his account current without reference to the advances on the consignments, he cannot, by charging that account with the advances, in the absence of express notice, treat it as overdrawn, and dishonor his cheques before the consignments are realized. True, if one person has been accustomed to draw bills upon another without value, or the prospect of value, which the drawee has been in the habit of accepting, there is no tenancy of a man's credit which requires a certain notice to put an end to it. The drawee might at any time whatever, refuse to accept any more bills without giving any notice, except by refusing to accept the particular bill. But it is widely different when a course of dealing prevails which would justify the customer drawing,

although he may not have an actual cash balance to the amount of the bill. The circumstance of the prior dealings then amounts to an evidence of an agreement between the parties, and of a course of business which could not be put an end to without distinct notice.

The customs of bankers are, as I said, the fashion, the manner, of doing the proper, cautious, prudent, and limited business of sound banking, but, withal, they reflect greatly the character of bankers. Burke said, that "manners are of more importance than laws. Upon them, in a great measure, laws depend. The law touches us but here and there, now and then: manners are what vex or soothe, corrupt or purify, exalt or debase, barbarize or refine us, by a constant, steady, uniform, insensible operation like that of the air we breathe." They give their whole form and color to our lives. According to their quality they aid morals; they supply them, or they totally destroy them. Here indeed is the connection of ethics and jurisprudence, on which I dilated at the commencement of my lecture. A custom, it is said, is an usage which has obtained the force of law. The more, therefore, the usages of bankers are in accord with public and private morals, the more they tend to harmonize ethics and jurisprudence. Mr. Gilbert tells us that "bankers perform the functions of public conservators of commercial virtues. From motives of private interest they encourage the industrious, the prudent, the punctual, and the honest, while they discountenance the spendthrift, the gambler, the liar, and the knave. They hold out inducements to uprightness which are not disregarded by even the most abandoned. There is many a man who would be deterred from dishonesty from the frown of a banker, though he might care but little for the admonitions of a bishop." What we most desire is that the customs of bankers be above the common customs of society; and that as they enjoy a pre-eminent position, a position of dignity and honor among the mercantile customs, so they may by their method of business, by their urbanity of manners, by the purity and soundness of their customs, commend themselves as the arbiters of the morals of trade.

A BANKRUPT LAW.

In consequence of the disagreements between the New York Chamber of Commerce, the Boston Board of Trade, and other commercial associations, a call has been issued for a National convention of representatives of business organizations, to meet at the Grand Central Hotel in this city on Wednesday, August 25th, next, when it is hoped a perfect bill will be agreed upon to present to Congress when it again meets, and one that will receive the approval of merchants and lawyers all over the country.

CANADIAN CAPITAL EMPLOYED ABROAD.

From the returns of the Canadian banks, it appears that the balances due to them from banks and agents, outside of Canada and outside of Great Britain, were as follows at the dates named :

	<i>Bank of Montreal.</i>	<i>24 other banks.</i>
November 30, 1879.....	\$8,952,928	\$8,018,681
April 30, 1880.....	14,417,097	11,272,436

As will be seen, the total amount, April 30, was \$25,689,533, which fell at the end of May to \$25,205,497.

At the end of May, 1879, the amount as returned was only \$4,578,236. Possibly some part of the extraordinary difference of the figures for May, 1879 and 1880, may be the result of different methods of making these returns. But if we take the figures as they stand, they show a very great and sudden enlargement of the amount of capital employed abroad by the Canadian banks. This outside employment is mainly in the United States, and the recent increase of it may be partly attributable to the business and stock revival of last summer, followed as that was by many months of stringent money in Wall Street.

The Toronto *Monetary Times*, of July 2, says: "It must be gratifying to every Canadian to find that our moneyed men and institutions have so much means at command, in addition to what is needed to transact all the ordinary or present business of the country. If any considerable boom should strike us this fall it is most satisfactory to feel that there is abundance of money at hand, upon call and short collaterals, to take proper care of it. That the twenty-five millions, or most of it, is not only reasonably safe but profitable, may be gathered from the speech made by the general manager of the Bank of Montreal at its recent meeting. Four-and-a-half millions, he states, were called in within three or four days, and this is rendered possible because the advances are upon good collaterals, and not upon mere names. A new branch has just been opened at Chicago by the Merchants' Bank, to facilitate the trade of the St. Lawrence from the Great West."

The same journal says further: "After vetoing one measure which looked to the taxation of banking capital in New York State to a degree which was considered excessive, Governor Cornell has signed a new bill taxing foreign banking capital. The rate of this tax is one-half of one per cent. on the average amount of all sums of money used or employed in the State. This tax affects California banking capital as well as Canadian, and the Bank of Nevada makes a strong objection to its imposition."

The *Monetary Times*, as we are glad to see, correctly apprehends the fact that neither the legislation in New York which failed from the lack of the Governor's approval, nor that which he sanctioned, was aimed specially at capital employed here by bankers, not citizens of the United States. What it sought to reach was the capital employed here by persons *not residents of New York State*, whether they were foreigners or Americans. San Francisco bankers were as much affected by the proposed changes in the tax laws as the bankers of Montreal, London, or Paris.

The amount of Canadian banking capital employed in this country during the past year was very large. The city of New York has hitherto been the locality in which it has been chiefly used, and if common repute is to be relied upon, its employment here has been characterized by great fairness and liberality. It is somewhat remarkable that the movement towards an enlarged employment of it in Chicago, where capital is so much more deficient, was not made earlier.

THE NATIONAL BANKS.

The Comptroller of the Currency reports that the total number of National banks organized during the fiscal year ending July 1, 1880, is sixty-one, with a capital of \$7,452,070. The total number of banks which have gone into voluntary liquidation during the same period is twenty, with a capital of \$2,601,000, included among which are three gold banks in California, with a capital of \$700,000 which went into voluntary liquidation and organized as currency banks. No National banks failed from July 23, 1879, until June 9, 1880, since which time three banks have failed, with a capital of \$700,000, all of which it is believed will pay their creditors in full.

The Comptroller reports the additional National bank circulation issued during the month of June to be \$463,610; the amount surrendered and destroyed, \$1,141,916, showing a decrease of circulation during the month of \$678,306. The net increase of National bank notes during the fiscal year ending July 1, 1880, is \$14,933,740. The increase of legal-tender notes on deposit during the month of June, for the purpose of retiring National bank circulation, is \$260,664, and the increase during the fiscal year ending July 1, 1880, is \$7,646,689. The amount now on deposit is \$19,782,387. The total amount of National bank notes outstanding July 1, 1880, was \$343,157,937, not including National gold banks, amounting to \$1,347,490. The amount of called bonds held at same date, as security for the circulation of the National bank notes, was \$1,397,900, of which amount \$1,379,900 are ten forties, and \$18,000 five-twenties. The amount of sixes of 1881 held by the banks was \$53,670,150, and the amount of five-per-cent. funded 1881's was \$138,378,750. The banks also held \$126,076,300 of four per cents, and \$37,760,950 of 4½s. and \$4,368,000 of Pacific railroad sixes.

The Comptroller of the Currency during the fiscal year ending

June 30, 1880, has paid forty-four dividends to the creditors of thirty-three insolvent National banks, amounting in all to \$1,680,000.

The total dividends paid since the organization of the National banking system is \$16,915,900 upon proved claims amounting to about \$25,000,000.

The dividends paid equal 67.66 per cent. of the amount of the claims.

Assessments, in all amounting to \$6,801,750, have been made upon the shareholders of insolvent National banks for the purpose of enforcing their individual liability, of which amount about \$2,000,000 has been collected.

The Comptroller of the Currency has completed the abstract showing the condition of the National banks on June 11. They then held \$99,506,505 of coin, of which \$93,149,094 are gold coin, and \$6,357,411 silver coin, including \$495,400 silver certificates. Of this amount the National banks of the City of New York held \$57,829,426, of which \$391,321 were silver coin, and \$452,700 silver certificates. The National banks of the United States held, on October 2, 1879, \$42,173,731 coin, showing an increase in eight months of \$57,332,774. The amount of silver coin held on October 2 was \$4,986,493. The amount of coin now held by the National banks is nearly equal to the total cash reserve required by law.

BUSINESS FAILURES.

FROM the circular of Dun, Barlow & Co. we take the following comparison of the mercantile failures in the United States during the first and second quarters of 1880, compared with the corresponding quarters of the four preceding years:

FIRST QUARTER.

	<i>No. failures.</i>		<i>Amount of liabilities.</i>		<i>Average liabilities.</i>
1876.....	2,806	..	\$64,644,156	..	\$23,038
1877.....	2,869	..	54,538,074	..	19,010
1878.....	3,355	..	82,078,826	..	24,464
1879.....	2,524	..	43,112,665	..	17,081
1880.....	1,432	..	12,777,074	..	8,922

SECOND QUARTER.

1876.....	1,794	..	\$43,771,273	..	\$24,398
1877.....	1,880	..	45,068,097	..	23,972
1878.....	2,470	..	48,753,940	..	19,738
1879.....	1,534	..	22,660,725	..	14,776
1880.....	1,065	..	20,111,689	..	18,884

The second quarter of 1880 when compared with the second quarter of 1879, shows very favorably as to the number of failures, but less favorably as to the aggregate liabilities involved. But in all points of comparison with 1876-7-8, the second quarter of 1880 is marked by great improvement.

Dun, Barlow & Co., say in their circular: "It is evident that the risks of business in the last six months, so far as credits are concerned, have been reduced to a minimum. The lessened volume of internal indebtedness, resulting from the years of depression preceding 1879, is seen in the small amount of loss incurred through failures in

the past year, especially when compared with the enormously increased volume of business transactions. The circumstances under which the present statistical comparison is made are, therefore, very advantageous, and the result is seen in the very favorable figures herewith presented. The figures, if taken in their broadest sense, would imply a condition of prosperity and a safety in granting credits hitherto not equaled in the history of the country. But it would be unsafe to rely too implicitly upon indications even as exact as these figures; statistics of this nature are essentially the records of the immediate past, and are not in any sense prophetic. It would be unwise to ignore the existence of conditions of business which they do not in any degree illustrate. For instance, it is safe to say that for the next six months the chances of making money do not bear any comparison with the chances as they existed in the last six months of 1879. The circumstances of the two periods are almost precisely of reversed. At this time last year stocks of almost every product were small and values at a minimum; at the present hour the results of stimulated production, largely increased importation, and general activity, are seen in accumulations of goods and very uncertain values. The possibilities of making money, therefore, rest solely upon the slow and gradual absorption of goods by consumption. The ability of the country to absorb, consume, and pay for its requirements has never been greater; and the gains that are to be made are likely to be the result of legitimate trade, rather than the quick profits which were realized last year from speculative advances. Those who can afford to wait for this gradual realization of their profits will doubtless participate in the general prosperity which exists, but it is painfully apparent that there are many who are heavily weighted with merchandise bought at extreme prices, and whose profits even for the past year have been, or will be, pretty effectually extinguished by the settling in prices which is going on in almost every department of business."

In the Dominion of Canada, a comparison of the first half of 1880 with the first half of 1879, shows a falling off in the number of failures from 1057 to 649, and in the amount of liabilities from \$17,425,953 to \$5,660,848.

In this connection we note that Mr. Richard Seyd's statistics of failures in Great Britain and Ireland show the following comparisons:

	<i>First half of 1880.</i>		<i>First half of 1879.</i>
Failures in wholesale trade.....	732	....	2,545
Other failures.....	5,930	....	14,091

GOVERNMENT ENGRAVING.—The Secretary of the Treasury and the Commissioner of Internal Revenue have addressed a joint letter to the American Bank Note Company giving the company the required ninety days' notice for the discontinuance of its contract for printing the proprietary stamps and adhesive stamps for the Internal Revenue Service. This action is in compliance with the law which requires the work to be done by the Bureau of Engraving and Printing, provided it does not cost any more than is charged by outside parties. The Bureau of Engraving and Printing has furnished estimates which are lower than the present contract prices.

CURRENT EVENTS AND COMMENTS.

IMMIGRATION IN JUNE.

The Bureau of Statistics gives details of the immigration into the ports of Baltimore, Boston, Detroit, Huron, Key West, New Orleans, New York, Passamaquoddy, Philadelphia and San Francisco during the month ended June 30, 1880. There arrived during the month 78,356 passengers, 72,567 of whom were immigrants. Of the total number of immigrants arrived, there were—from England, 7,812; Scotland, 2,138; Wales, 102; Ireland, 14,190; Germany, 13,548; Austria, 3,450; Sweden, 7,459; Norway, 3,983; Denmark, 1,052; France, 409; Switzerland, 609; Spain, 10; Holland, 310; Belgium, 88; Italy, 982; Russia, 911; Poland, 373; Hungary, 648; Dominion of Canada, 12,323; China, 1,789; Cuba, 57; all others, 179.

PAYING THE NATIONAL DEBT.

The San Francisco *Commercial Herald* says: "It may be said in general that the knowledge in the minds of any generation that they must pay for their own wars and other heavy expenses, will constitute a healthy check on any tendency to rush hastily into such, and in this country, in particular, it may be said that there will perhaps never again be a generation so well able to pay. The present period of rapid development and unrivaled prosperity will not outlast a generation; the pressure of paying off a debt hardly felt now, will be enormous in fifty years, and we had better make hay while the sun shines."

The New York *Indicator*, of July 7, says: "Recent experiences will justify the complete rejection of Mr. Wood's refunding bill. Its provisions are rendered entirely obsolete by the astonishing capacity to pay off the debt developed since the introduction of the bill.

"Mr. S. B. Chittenden, in a speech in Congress on the 25th of May last, said he thought it would be 'no hardship, but a wholesome economic check on our exuberant and hurried spirit of development if we were forced to pay at least \$50,000,000 every year until the last dollar of the National debt is paid.' There is sound philosophy in this remark; but why fix the limit at \$50,000,000, so long as the country continues to demonstrate its entire ability to do twice as well? We cannot get rid of this debt too soon. The disposition displayed by this country in the matter of its National debt gives it a proud pre-eminence over every country in the world."

THE CENSUS.

The Kansas cities run very near together: Leavenworth has a population of 16,651; Topeka, 15,528; and Atchison, 15,381.

It will be a close race between Ohio and Illinois for the third place in population among the States. Ohio was slightly ahead in 1870, but Illinois has increased more rapidly since. The population claimed for these two States by the Cincinnati *Commercial* and Chicago *Tribune* is 3,000,000 each.

The census shows that several Massachusetts cities besides Boston have made rapid gains in population. Lowell, which in 1870 had 41,000, now has about 60,000. Lawrence has advanced in ten years

from 28,921 to 38,500, and Lynn from 28,233 to nearly 40,000. The increase in the cities and manufacturing towns has not been made at the expense of the country towns and villages, which seem to hold their own.

The full returns give Utah a population in round numbers of 144,000—an increase of sixty-five per cent. in ten years. At their last April conference the Mormons reported that the Mormon population was 112,000, leaving 32,000 non-Mormons. In 1870, the non-Mormons were less than 10,000, an increase of 200 per cent. The increase of the Mormon population is forty-five per cent.

Seven hundred Mormon immigrants, bound for Utah, were landed in New York July 21.

NORTHERN PACIFIC RAILROAD.

The road is being pushed forward with all possible speed to the Yellowstone River. The grading on this extension will all be done by September 1, 1880, and the track will be laid before winter sets in. This will complete 210 miles from the Missouri River west.

A Philadelphia dispatch says: "It is learned from trustworthy sources that a large portion of the Northern Pacific Railroad Company's Pend d'Oreille division bonds have been placed at about par, and that the company has an offer for the entire balance of the loan. Recent advices report that over 3,000 applications have been filed for lands belonging to this division, and for the coming year the sales were estimated at \$500,000."

The following is a comparative statement of the earnings of the Eastern Division of the Northern Pacific Railroad for the periods indicated:

	1879.	1880.		
Month of June.....	\$ 188,000	\$ 250,600	Inc.	\$ 62,600
Earnings year ended June 30.....	1,282,553	2,124,388	Inc.	841,785
Expenses year ended June 30*.....	730,839	1,233,524	Inc.	502,685
Net earnings.....	551,714	890,814	Inc.	339,100

*Included in the expenses for 1880 are the cost of steel rails between Fargo and Bismarck, and all road improvements on the line from Duluth west.

READING RAILROAD.

The Philadelphia *Ledger*, of July 6th, says: "It is not difficult to predict the policy of the company in regard to its coal lands. It will retain possession of all that can be profitably worked and let the remainder go. But it may be necessary to scale the prices of nearly the whole estate which will be retained, and this can only be done by giving the option to the seller to take back his property or renew his contract of sale on a basis made in accordance with the usual financial transactions of the present time, when four-per-cent. Government bonds are considered a profitable investment. That is a contingency which the holders of the seven-per-cent. coal and iron bonds will undoubtedly have to face, and this will be the only change of the policy of the company in this region."

PALMETTO PAPER.

The *Paper World* says: "The company that has been experimenting in Florida with palmetto, for paper-making purposes, has met with such gratifying success that they will erect about twenty paper mills in various parts of the State where palmetto trees grow in abundance, and where the transportation facilities are good. Some English paper manufacturers in Canada have been so influenced by the favorable reports concerning palmetto, that they have sent an agent to Florida to ascertain what may be its intrinsic merits."

NEW ORLEANS.

The increased demand for the accommodation of deep-water tonnage at New Orleans, indicates the augmenting volume of trade which of late is taking the course of the Mississippi river to its mouth. This demand promises to be largely in excess of any year since the war. The grain trade since last August has given employment to 200,000 tons of shipping, or about one-third as much as was employed altogether in the foreign trade during all last season. The *Picayune* says it is not beyond reason to hope that at least 500 ships of 1,000 tons each will get full grain cargoes at that port during 1880-81. The tendency is towards the movement of bulky freight by the river route. Though the cotton receipts do not at present require over two-thirds as much freight room as in former times, owing to the greater perfection in compressing, more tonnage clears for foreign ports at the New Orleans Custom House than in the palmy days before the war.

CONDITION OF THE SOUTH.

The New Orleans *Times* has the following: "Along with thousands of others we are tired of hearing the changes rung on the poverty of the people of the South. Some persons seem to take a pride in holding up the entire South as composed of little better than mendicants and paupers. It is not the truth. The South is prosperous and prospering, and richer than ever before, but the wealth that exists is more evenly distributed than in the old days. Especially is it to be noticed that our farmers have done well, and hold more ready money in their own hands, and are freer from debt than at any time within the past fifty years. .

NORTH CAROLINA.

The Raleigh *Observer* recently printed the following article on the subject of the State's debt, which may be of interest at the present time: "The Treasurer, Dr. Worth, has made satisfactory progress in his funding operations, and merits congratulations for his success. There were outstanding and subject to be funded \$5,577,400 of old bonds belonging to the forty-per-cent. class. Of these, the treasurer has funded \$3,003,500, being more than one-half. Of the second class there were outstanding \$4,700,045 bonds; of these there have been funded at twenty-five per cent. of their face value \$1,814,045, being more than one-third. Of the third class, for which only fifteen cents on the dollar is offered, there was outstanding \$3,888,600, and there has been funded of this class \$1,643,900, being more than one-third. The entire debt to be funded amounted to \$14,166,045, and of this, Dr. Worth has been able to retire \$6,461,445, issuing in substitution thereof, four-per-cent. bonds to the amount of \$1,901,495. Thus far, therefore, we have gained by the funding operation, \$4,559,949. Were all the bonds issued still in existence and capable of being presented, there would yet remain \$7,704,600 to be funded. But it is probable that a considerable number of these bonds will not come to light and will never be presented at the Treasurer's office. We may safely estimate, therefore, that one-half of the actual debt intended to be funded has been presented and has been retired, and that when the funding operations are practically ended, the new four-per-cent. debt will amount to no more than \$4,000,000, bearing an annual interest of \$160,000."

AMERICAN COMMERCE IN THE MEDITERRANEAN.

The consul of the United States at Naples, in a recent dispatch to the Department of State, commenting on American trade with the Mediterranean, says that the American flag is rarely seen in that region. Only four American vessels arrived at Naples during 1879. But this is not indicative of American trade, of which there is a great deal. Foreign vessels are continually employed in carrying American products. The English Anchor line has been running from New York to the Mediterranean successfully for years. Florio, the well known Italian ship owner, has recently started a regular line between the principal ports of Italy and New York, and is having several first-class 4,000 ton steamers built for the purpose. At Naples last year 1,700,000 bushels of American grain were imported. The failure of the Italian grain crops had much to do with this. American canned goods are also in demand. Our improved agricultural machinery is being largely introduced.

FARMS IN ONTARIO.

The Toronto *Monetary Times*, of July 9, says: "The loan companies which, finding farms thrown on their hands two or three years ago, resolved at once to close the transaction, will be found to have taken the wisest course for themselves. Farming land in Ontario is worth twenty-five per cent. less than it was four years ago. The competition of Western lands is only just beginning, though we shall probably find some means in the older province of utilizing the lands that will prevent a further decline of their value."

WAGES IN GERMANY.

A letter (June 30) from Frankfort says: "The Berlin joiners have held several meetings lately. The average weekly wages of a workman was stated to amount to only fifteen marks [\$3.75]. An exodus might be expected, if it were possible to save the passage money on such a pittance."

The miserable industrial condition of Germany has given rise to numerous projects. One of them is a South American colonization project of Dr. Strousberg, of railroad notoriety. His figures are always large, and he counts upon an annual German emigration in that direction of 400,000.

CATTLE AND THE GREAT EASTERN.

Messrs. Wright, Lawless & Co., the charterers of the Great Eastern, have addressed a letter to the Governor of Texas, informing him of their intention of employing the vessel in conveying dead meat or live cattle from some port in the United States. They say: "The preliminaries on this side are completed, and we are now awaiting tenders from the American side to supply us with 20,000 head of fat cattle suitable for this market. The ship will carry that number each voyage, and we expect to make four voyages per year. It will be apparent to all that the shipment of 80,000 head of cattle a year to England must have a great effect upon the country supplying the same. It is our opinion that the sailing of the 'Great Eastern' to any port for the purchase of cattle, as stated, will have an influence in promoting immigration to that port greater than could be brought about in any other way. A cable stating number of cattle that could be supplied by 1st September, at Galveston or Corpus Christi, of weight (killed) 800 or 900 pounds, with price, would enable us to complete our company without delay."

ENGLISH FARMING.

Mr. James Caird's hopeful view, that market gardening and producing grass and animals may compensate British agriculturists for their losses by the competition of foreign wheat-growers, is by no means universally adopted in England. A correspondent of the *London Times*, of May 17, says: "Australian mutton, fed on richer and more varied pasturage, and soon to be sold here wholesale in consequence of the perfecting of the refrigerating process, as well as Canadian and American beef, must soon make grass farming as poor a speculation for English farmers as corn-growing. That they should convert their farms into market gardens is a very pleasant idea, but I fear not much more. Neither Yorkshire wolds, Surrey downs, nor Leicester meadows, are quite the best habitat for early peas and spring cabbages; and if they were, the market for such articles is somewhat limited, the price small, and the carriage large."

AMERICAN INVENTIONS IN ROUMANIA.

A dispatch to the *London Times* of July 19th, from Bucharest says: "The wheat harvest is progressing, and the crop is in general a fine one. A number of American farming implements have been sold here by Mr. Lee. Their superior quality and extreme lightness have attracted the attention of intelligent farmers, who are beginning to realize that they must introduce American labor saving implements if they desire to compete in the grain markets of Central and Western Europe."

SUGAR.

The South Australian Government has entered into an agreement with a Melbourne firm by which it will make a grant of 20,000 acres in the northern territory on condition that the cultivation of sugar is commenced from the date of selection. On proof of the expenditure of £10,000 on the land, and the production of 500 tons of sugar, the fee simple of the land will be granted.

MISSOURI.—Aggregate statement of the twenty-five banks in St. Louis, on the 3d of July, 1880, compared with Statement of 24th of December, 1879, compiled, unofficially, by E. Chase, Manager Clearing-House:

	December, 1879.	3d July, 1880.	Differences.
Capital and Surplus.....	\$ 10,995,963	\$ 11,001,285	Inc..... \$ 5,322
Savings and Time Deposits.....	5,473,023	6,041,313	Inc..... 568,290
Current Deposits.....	23,979,835	30,702,892	Inc..... 6,723,057
Circulation.....	773,090	764,390	Dec. 8,700
Liabilities.....	\$ 41,221,911	\$ 48,509,880	Inc..... 7,287,969
Bonds to Secure Circulation.....	860,000	860,000	Same.
Good Loans and Bonds.....	29,184,899	30,465,821	Inc..... 1,280,922
Cash and Exchange.....	9,341,631	15,985,484	Inc..... 6,643,853
Real Estate and other Assets....	1,835,381	1,198,575	Dec. 636,806
Assets.....	\$ 41,221,911	\$ 48,509,880	Inc..... 7,287,969

GUARANTEE OF INDORSEMENTS.—THE STATUTE OF LIMITATIONS.

CIRCUIT COURT OF THE UNITED STATES FOR THE DISTRICT OF
MARYLAND.

*The Merchants National Bank of Baltimore, Plaintiff in Error, v. The First
National Bank of Baltimore.*

WRIT OF ERROR TO THE DISTRICT COURT.

Marshall and Fisher, and Brown and Brune, for Plaintiffs in Error. William Daniel and Archibald Sterling, Jr., for Defendants in Error.

WAITE, Ch. J.—On the 16th of March, 1867, the Treasurer of the United States made his draft on the First National Bank of Baltimore, a Government depository, for \$1,609.55, payable to the order of William Orndorff. This draft, apparently endorsed by Orndorff, the payee, and one Hargest, was forwarded by the Shenandoah Valley National Bank, with its own indorsement, to the Merchants' National Bank of Baltimore, for collection. On the 22d of March it was indorsed by the Merchants' National Bank, and on presentation, paid by the First National Bank, in due course of business, both parties supposing that the indorsement in the name of Orndorff was genuine. When the payment was made the amount was charged in account by the First National against the United States, and the draft forwarded with the next weekly statement to the Treasury for credit, which was allowed without objection. Ten years afterwards, in 1877, the United States having become satisfied that the indorsement of Orndorff was forged, sued the First National Bank to recover the amount of this credit. The Merchants' National, having been notified of the suit, employed counsel to assist the First National in making a defense. Upon the trial the forgery was proven and judgment rendered against the First National for amount claimed. The First National paid the judgment, and then brought this suit against the Merchants' National to recover what was so paid, on the ground that the latter bank, by its indorsement of the draft and receipt of the money thereon, became responsible for the genuineness of Orndorff's signature. To this suit the Merchants' National pleaded the Maryland statute of limitations, which was three years, and the single question now presented is whether this statute began to run when the draft was paid, or when the judgment in favor of the United States against the First National was rendered. If the former, the suit is barred, but if the latter, it is not.

The drawee of a bill of exchange by accepting and paying the bill admits the genuineness of the signature of the drawer, and his own obligation to pay. An indorsee who demands and receives such a payment warrants his title to the bill from the prior parties under whom he claims. The legal effect of this warranty is that the payment is actually made to the order of the payee, and, so far as the title of the indorsee is concerned, will entitle the drawee to credit with the drawer for the amount drawn for. The undertaking is not as to the genuineness of the bill itself, but the title of the holder. In this case the First National got credit at the Treasury of the United States for the amount of the draft. It was thus put in actual possession of what the Merchants' National guaranteed it would be entitled to. The exchange of the funds of the United States, in the hands of the depository for the bill thus became consummated, and no right of action on the warranty accrued until, at least, the United States elected to insist on the defect of title and cancel the credit.

The case of *Cowper v. Godmond*, 9 Bing. 754, 23 E. C. L. 452, is in principle much like this. There, the question was whether a plea of the statute of limitations was a bar to an action for money had and received, to recover the

consideration money of a void annuity, when the annuity was granted more than six years before the action was brought, but was treated by the grantor as an existing annuity within that period. "That question," said the Court, "depends upon another; at what time did the cause of action arise? The cause of action comprises two steps. The first is the original advance of the money by the grantee; the second is the grantor's election to avail himself of the defect in the memorial of the annuity. The cause of action was not complete until the last step was taken. In the present case also the warranty contemplated two things, first, the giving of the credit by the United States, and second, its continuance. As the first requirement of this undertaking was complied with, no right of action could arise until the second was broken. That certainly did not occur until the United States elected to take back the credit it had given. It is true that in *Cowper v. Godmond*, the election to disaffirm was with the party to whom the payment was originally made, but this does not affect the principle on which the right to recover rests. The object is to get back a consideration which has failed, and in such cases it is evident there can be no cause of action until the failure is complete. In *Cowper v. Godmond*, the payment was for the annuity, and the failure did not occur until the grantor of the annuity disaffirmed his grant. Here the consideration was paid to get a credit with the United States, and the failure was not complete until the credit which had once been given was withdrawn. This disposes of the case, as it is conceded the action was begun within three years after the United States gave notice of its election to withdraw the credit. The liability of the First National Bank to account for the amount erroneously credited, was established by the judgment in favor of the United States, and as the Merchants' National was notified of the pendency of that suit, and took part in the defense, it must abide by the result.

The judgment of the District Court is affirmed.

INSOLVENCY IN NEW BRUNSWICK.

Accounts of the practical working of the repeal of the Insolvent Act constantly reach us from different quarters, and are, with very few exceptions, unfavorable to the new order of things. No marked effects have yet followed repeal in New Brunswick, probably owing to the deluge of failures taking place while the Act was in force, during which time it may be assumed every possible insolvent, present and prospective, availed of the privileges of the Act—a state of affairs prevailing in other sections as well. . . . Immediately upon the repeal of the Insolvent Act by the Dominion Legislature, the Provincial Legislature abolished the attachment and garnishee laws, making no enactments to supply their place. By the former law a creditor, immediately upon commencing suit, could attach sufficient property to secure his claim, and such property would remain under control of the sheriff until judgment was obtained and levy made. By the garnishee law, either before or after obtaining judgment, debts outstanding due from third parties could be attached and collected. As it is, debts due an insolvent cannot be touched at all, and the only remedy open to a creditor against the property of the debtor is the issue of a writ of summons and proceedings in the regular course to judgment and execution. In the meantime, the property might be transferred to any other creditor, with the sole purpose of placing it out of reach.

Creditors outside of the Province are under a special disadvantage owing to the opportunity afforded to defaulting debtors to overreach them by confession bonds, bills of sale, etc., to local creditors, so that they are forced to engage legal agents to secure any sort of protection in their rights. The present system works entirely in favor of the debtor and any friends he may choose to protect, and to the injury of creditors in proportion to their distance from the field of action, or accordingly as they may have personal relationship with the debtor. When time shall have made these evils more generally felt, as well as known, doubtless the remedy of an insolvency law, or some substitute therefor, will be again applied.—*Montreal Journal of Commerce*, July 2.

LEGAL MISCELLANY.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

BANK—LIABILITY FOR MISTAKE—PROTESTING NEGOTIABLE INSTRUMENT FOR CUSTOMER—CUSTOM—CURRENT FUNDS—GRACE.—A certificate of deposit, payable to order one year after date, "in current funds," was placed in the hands of a bank at D for collection. It was issued by a banker at D. It was protested on the day it was due, without grace. By a custom among bankers, "current funds" meant money, and by a custom among the banks of D., in relation to certificates of deposit issued by any bank there, they were payable without grace. *Held*, that the certificate being payable in money, the indorser was discharged by a failure to present, etc., with grace, but that the bank was not guilty of negligence in its action so as to make it liable to the owner of the certificate for any loss resulting from such discharge. The certificate on its face was not negotiable, and the demand and protest was well made on the day it was, but for the custom that "current funds" meant money or National bank notes, and because of this it became a negotiable instrument, entitled to grace. The fact of negotiability was therefore a mixed question of law and fact. Admitting the bank was bound to know the law, this is not true as to the matter of fact. If it was the duty of the bank to make inquiry, such inquiry being made, it would have been developed that current funds meant legal tenders and National bank notes. Regarding the certificate as being payable in National bank notes, the bank must determine at its peril whether it was negotiable. This being determined in the affirmative, inquiry would have shown another custom to the effect that the certificate was payable without grace. The bank must then determine which of these customs it would follow. Suppose it adopts the latter, and upon the trial the jury should find, according to the weight of evidence, no such custom existed, would it follow that the bank was guilty of negligence? It would not, because the true question is not as to whether it was true in fact as to such custom, but whether the bank had good reason to so believe, and acted in good faith, upon such belief, as a careful and prudent person engaged in the same business would ordinarily have done. Iowa Supreme Court, April 26, 1880. *Haddock v. Citizens' National Bank of Des Moines*. Opinion by SEEVERS, J.

CORPORATION—ULTRA VIRES—RATIFICATION BY ACQUIESCENCE.—The charter of a financial corporation provided thus: "The business of the corporation shall be managed and directed by the board of trustees, who shall elect from their number a president and two vice-presidents, and may appoint such other officers as they may see fit; nine of the trustees, of whom the president or one of the vice-presidents shall be one, shall form a quorum for the transaction of business at any regular or adjourned meeting of the board of trustees; and the affirmative vote of at least seven members of the board shall be requisite in making any order for, or authorizing the investment of any moneys, or the sale or transfer of any stock or securities belonging to the corporation, or the appointment of any officer receiving any salary therefrom." On the 18th of September, 1873, the board of trustees authorized and empowered the officers of the company to assign and transfer any of the regular stock of the United States standing in its name. On the 13th of December in that year, the same board directed the finance committee to authorize those officers to negotiate the securities of the company in such manner as to relieve the company from its embarrassment. During November or December, the company borrowed from L \$10,000, giving him its note for that amount and as collateral, securities held by the company. The company was then embarrassed for money, and used the money borrowed to pay off its obligations. In 1874 the duly authorized agent of the company agreed with L that L should lend the agent \$21,000, including the note of the company for \$10,000, and that the agent should procure the transfer by the company of certain obligations held by it including certain notes.

This was done. There was no formal order by the board of trustees as provided by the charter touching either of the transactions with L, but they were communicated, as were all others, daily, to the individual members of the board. There is no proof that any objection was ever made. *Held*, that an action by the trustees in bankruptcy of the corporation to compel the delivery of the notes delivered by the agent to L could not be maintained. It would be a perversion of the plainest principles of reason and justice to permit the validity of such a security to be effectually denied. It cannot be done. *De Groff v. American Lin. Co.*, 31 N. Y. 128; *Parrish v. Wheeler*, 22 *id.* 503; *Bradley v. Ballard*, 55 Ill. 413; *McCutchin v. Collins*, 13 Penn. St. 15. Courts do not look at such transactions with the microscopic eyes of a special demurrer. This intelligent acquiescence was a binding ratification. *Kelsey v. National Bank*, 69 Penn. St. 426; *Hilliarl v. Goad*, 34 N. H. 230; *Christian University v. Jordan*, 29 Mo. 68; *Sherman v. Fitch*, 98 Mass. 59. Decree of Dist. Columbia Sup. Court affirmed. *Creswell et al., appellants v. Lanahan et al.* U. S. Supreme Court. Opinion by SWAYNE, J.

DEFENSE—TO MORTGAGE TO SECURE NOTE—INNOCENT HOLDER FOR VALUE.—In an action on a mortgage by an assignee, who received it with the note secured by it, for value, before due, as collateral security, in good faith, and without notice of defect or defense, the mortgagor cannot make the defense of want of consideration, or that the note and mortgage were obtained from him by fraudulent representations. Any defenses, open to the maker in a suit on the note, may be made use of in an action on the mortgage. *Northy v. Northy*, 45 N. H. 141. The mortgage follows the debt as a shadow does its object, and cannot exist without it. Whoever holds the evidence of debt holds the mortgage security, and payment of the debt extinguishes the mortgage. The debt is the principal thing, and imparts its character to the mortgage, and the legal rights and remedies upon the debt become fixed upon its incident, the mortgage. Defenses, which cannot be made against the note because it has traveled away from them, cannot be made against the mortgage which has kept company with the note. The freedom from infirmity, which the innocent purchaser and holder of the note enjoys, cannot be destroyed or made less by taking with the note a mortgage made and intended as security. *Carpenter v. Longan*, 16 Wall. 271; *Taylor v. Page*, 6 Allen. 86; *Sprague v. Graham*, 29 Me. 160; *Pierce v. Faunce*, 47 *id.* 507; *Gould v. Marsh*, 1 Hun. (N. Y.) 566; *Jones on Mort.* 834. New Hampshire Sup. Court. *Paige v. Chapman.* Opinion by BINGHAM, J. To appear in 58 N. H. Reports.

MUNICIPAL SECURITIES—TOWN NOT LIABLE TO PAY MONEY RECEIVED AND USED FOR ITS BENEFIT ON SECURITIES ISSUED WITHOUT AUTHORITY.—Where the Treasurer of a town took money raised upon notes given in the name of the town, but without authority, and paid debts due from the town, there being no appropriation of such payments by the town to its own use, or any ratification of the act, *held*, that the town was not liable to the holder of the notes in any form for the money borrowed. The money in the hands of the treasurer did not belong to the town. Funds may have been previously supplied by the corporation from other sources for the payment of these very debts. The treasurer is an independent accounting officer. *Hancock v. Hazard*, 12 Cush. 112. If he applies money unlawfully obtained to the payment of town debts, that fact alone creates no liability on the part of the town to refund the money to the party from whom it was obtained. See *Kelley v. Lindsey*, 7 Gray 287. The decision in *Railroad National Bank v. Lowell*, 109 Mass. 214, upon the point now under consideration, is conclusive. *Agawam National Bank v. Inhabitants of South Hadley.* Opinion by COLT, J. Mass. Supreme Court.

NEGOTIABLE INSTRUMENT—WHEN PAYMENT OF, NO DISCHARGE OF.—The payee of a negotiable promissory note, long before its maturity, indorsed and delivered it to a bank, to be used as collateral security for the payment for a buggy purchased at the time from the plaintiff. Before maturity, but after the indorsement and delivery to the bank, though without knowledge thereof, the maker paid said note to the payee, and took a receipt therefor. *Held*, that such payment did not discharge the note, or defeat a right of action thereon. *Davis v. Miller*, 14 Gratt. 13; *Coffman v. Bank*, 41 Miss. 212, Kansas Sup. Court, January Term, 1880. *Best v. Crall.* Opinion by BREWER, J.

NATIONAL BANK—CONSTRUCTION OF FEDERAL STATUTE—STATE COURT HAS JURISDICTION IN ACTION AGAINST BANK IN ANOTHER STATE—ATTACHMENT AGAINST PROPERTY OF BANK.—In an action in the Supreme Court of New York against a National bank located in North Carolina, an attachment was issued and property belonging to the defendant in this State seized. The defendant objected to this proceeding on two grounds: First, that the Supreme Court has no jurisdiction; the Federal statute requiring actions against a National bank to be brought in the State where such bank is located (U. S. R. S., § 5198); and, second, that the court has no power to grant an attachment against such a corporation, that being forbidden by U. S. R. S., § 5242. *Held*, that the objection was not valid. In the absence of a statute conferring executive jurisdiction upon the Federal courts the State courts have the same power and jurisdiction in suits to which a National bank is a party as if it was an individual. *Bowen v. First Nat. Bank of Medina*, 34 How. Pr. 409; *Cooke v. State Nat. Bank of Boston*, 52 N. Y. 96. A construction which would forbid suits against a National bank outside of its State would prohibit suits by it outside, as the statute extends to actions by as well as against (*Kennedy v. Gibson*, 8 Wall. 498), and prevents it from fully exercising the powers conferred upon it. Besides the statute (U. S. R. S., § 5136, subd. 4) declares that such a bank may "sue and be sued in any court of law and equity as fully as any natural person." The provision as to local jurisdiction is to be construed as permissive, and not as mandatory, and therefore not limiting the general rule which permits civil causes arising under the laws of the United States to be prosecuted and determined in the State courts unless exclusive jurisdiction of them has been vested in the Federal courts, or unless Congress has prohibited the State courts from entertaining jurisdiction of such cases. *Clafin v. Houseman*, 93 U. S. 130; 1 Kent's Com. 395, 396; *Bank of the United States v. Devereaux*, 5 Cranch 85; *Osborn v. United States Bank*, 9 Wheat. 738; *Teall v. Felton*, 1 N. Y. 537. See, also, *Houston v. Moore*, 5 Wheat. 1. The general liability to sue and be sued subjects those banks to an action in any court in which an individual in like circumstances might be sued, and the subsequent enumeration of particular courts without words of exclusion cannot have the effect to deprive other courts of jurisdiction. *Owens v. Woosman*, L. R., 3 Q. B. 469. Otherwise a citizen of this State having a claim upon land in which a bank in another State has an adverse interest would be compelled to go there to assert his rights, which is contrary to what was decided by the United States Supreme Court in *Casey v. Adams*, 21 Alb. L. J. 376. As to the claim that the attachment is prohibited by section 5242, that section has reference to banks in an insolvent condition only, and its object is to prevent one creditor of a corporation whose assets are insufficient to meet its liabilities from obtaining a preference. Order affirmed. *Robinson v. Nat. Bank of New-horne, appellant* Opinion by DANFORTH, J. [New York Court of Appeals, decided June 8, 1880].

THE LAW OF COLLATERALS.—In *Ex parte Wood & Co.*, United States Circuit Court, Eastern District of Pennsylvania, April 30, 1880, 8 W. N. C. 407, R. D. Wood & Co. received from one Boyer two promissory notes, made by Seitzinger to the order of the firm of Huddell & Seitzinger, and indorsed by them. R. D. Wood & Co. had delivered to Boyer two of their own notes to be used for specified purposes. Boyer converted to his own use one of these notes, whereupon R. D. Wood & Co., called upon him to return the other. The matter was settled by Boyer's retaining the note he still held, and by his delivering to R. D. Wood & Co., *inter alia*, the two notes first mentioned. These notes were procured by Boyer to be made by Seitzinger and indorsed by Huddell & Seitzinger, and delivered to him by false representations, to the effect that R. D. Wood & Co. needed accommodation, and desired the use of this security. Neither Seitzinger nor Huddell received any consideration therefor. R. D. Wood & Co. had no notice of this transaction, and supposed that the notes represented a debt due by the maker to Boyer. The notes were duly protested. In an action upon them, the question was this: Is the holder of a negotiable note, who has taken it as a security for a pre-existing

debt, a holder for value, and so protected against any equities subsisting between the original parties to it? The court said: "If the rule established in Pennsylvania by the decisions of her highest court is to be followed, it must be answered in the negative. But these decisions are only persuasive, as may be said also of a recent decision in this court by a late eminent judge conformably to the State rule. The question involved is not one of local law, but of general commercial jurisprudence, hence the duty of the court is imperative to follow the guidance of general judicial opinion concerning it. As to the preponderating weight of this opinion there is scarcely ground for doubt. In perhaps a majority of the United States, the law is settled that the taking of a note as collateral security for a pre-existing debt is a holding for value. So it is held in England. See *Percival v. Frampton*, 2 C. M. & R. 180; and *Poirrier v. Morris*, 2 E. & B. 89. It is stated to be the better doctrine in 3 Kent's Com. 81; in Story on Prom. Notes, § 195; in Pars. Prom. Notes, 218; and in Byles on Bills, by Sharswood, 28. It has the judicial sanction of Judge Story, in *Swift v. Tyson*, 16 Pet. 1, while the adoption of it is distinctly approved by the Supreme Court, in *McCarty v. Root*, 21 How. 439. Such weight of authority must be regarded in this court as decisive, and judgment is, therefore, entered for plaintiffs on the case stated." The doctrine of *Swift v. Tyson* is followed in *Roberts v. Hall*, 37 Conn. 205; *Nagle v. Lyman*, 14 Cal. 450; *Fisher v. Fisher*, 98 Mass. 303; *Allaire v. Hartshorne*, 1 Zab. 665; *Cobb v. Doyle*, 7 R. I. 550; *Atkinson v. Brooks*, 26 Vt. 574; *Manning v. McClure*, 36 Ill. 490; *Valette v. Mason*, 1 Smith (Ind.), 89; *Banks v. Chambers*, 11 Rich. 657; *Sav. In v. Holland*, 38 Mo. 49; *Outhwite v. Porter*, 13 Mich. 533; *Maitland v. Citizens' Nat. Bank*, 40 Md. 540; S. C., 17 Am. Rep. 620; but the contrary is held in *Coddington v. Bay*, 20 Johns. 637, and *Stalker v. McDonald*, 6 Hill 93; and in *Napier v. Elam*, 5 Yerg. 108. The extent of this decision as an authority on the point in question may be questioned. The reporter in connection with the case very pertinently remarks: "Was not W. a purchaser for value of the notes of S., at least to the amount of W.'s second note retained for his own use by B with consent of W? If so, then there would be a consideration as to the amount of the second note, and to that extent this opinion would not be decisive upon the question of collateral security for an antecedent debt. Further, could the amount of these two notes be divided so as to make the case as above, *i. e.*, as collateral security for an antecedent debt as to one, and a new contract with consideration as to the other; or was the amount entire and not capable of division, so that the consideration which existed as to the second would extend to the whole transaction? If this last view be correct, the opinion would not be decisive on the question of collateral security for an antecedent debt."

ULTRA VIRES—SAVINGS BANK MAY BORROW MONEY AND MORTGAGE SECURITIES—ESTOPPEL BY LAW DOES NOT BIND PUBLIC.—A Savings bank, by its charter, had express power to receive money on deposit; to receive and execute trusts committed to the corporation by any person or persons, or by order of any Court in this State; to grant and purchase annuities; to issue letters of credit and other commercial obligations, other than notes designed to circulate as money; to loan money; to receive money on deposit and pay interest therefor; to discount according to bank usage; to take stock in other corporations; to buy and sell exchange, bills, notes, bonds, and other securities; to have and hold coin and bullion; to take and hold real estate as security for and in payment of loans and debts due or to become due to the corporation; to purchase and hold real and personal property at any sale to enforce its securities or debts due; to hold said property, and sell and convey the same; and to purchase and hold such real and personal estate as may be convenient for the transaction of its business. Special power was also given to receive deposits from married women and minors, and to issue therefor certificates payable in their names, and payable to their order only; and to pay and receive any rate of interest, not exceeding ten per cent., and to make special regulations in regard to trust funds, deposits or savings. *Held*, that it had in addition the implied power to borrow money and to execute a deed of trust of securities

held by it to secure such loan, and further, where the loan was used for the benefit of the bank, it could not set up as a defense to certificates secured by such deed of trust, that the contract was made *ultra vires*. *Planters' Bank v. Sharp*, 6 How. 323; *Curtis v. Leavitt*, 15 N. Y. 52; *McIntire v. Preston*, 10 Ill. 48. Accordingly, when the bank, by deed of trust, conveyed to a trustee certain securities owned by it, and created an "investment department," and issued certain instruments styled "investment securities," for the respective amounts of money received from those accepting them, such instruments being described as secured by the deed of trust, held, that the transaction was valid and the deed of trust enforceable in behalf of the security holders, against the property described in and conveyed by it, and the defense of *ultra vires* could not be set up by the bank or its receiver in insolvency. *Darst v. Gale*, 83 Ill. 141; *Ex parte Clapperdale*, D. G. M. & G. 19; *Bradley v. Ballard*, 55 Ill. 413; *West v. Menard County Agricultural Board*, 82 id. 206; *Maher v. Chicago*, 38 id. 266; *Railway Co. v. McCarthy*, 96 U. S. 267; *San Antonio v. McChaffy*, id. 315; *Hitchcock v. Galveston*, id. 351; *Morris R. Co. v. R. Co.* 20 N. J. Eq. 542; *Whitney Arms Co. v. Barlow*, 63 N. Y. 62. Held, also, that a violation of the by-laws of the bank in issuing such securities would not be available against a security holder. As a rule, the by-laws of a corporation are binding only on its members and officers. Illinois Supreme Court, May 18, 1880. *Ward v. Johnson*. Opinion by SCHOFIELD, J.; SCOTT, J., dissented.

USURY—ACCOMMODATION PAPER.—In an action upon a promissory note the defense of usury was set up. Defendant claimed that the note was made by him for the accommodation of F, and was by F transferred to plaintiff for the usurious consideration, and F gave testimony tending to establish these facts. Plaintiff introduced a written statement made by defendant, setting forth that the note was business paper, and that there was no defense to the same in law or in equity. Held, a sufficient conflict in evidence to forbid this Court interfering with the finding of the referee that the note was a business note, especially where he was not asked to find otherwise, *Prima facie* the note was given for value by defendant and the burden was on him to prove the congenital defect alleged. (2) The note in question was with other notes presented to plaintiffs to discount, and he discounted the lot at a discount of more than the legal rate of interest. Held, that *prima facie* the price paid was in part for each one of the notes in such ratio to the whole price paid as the apparent value of each note bore to the apparent value of the whole, and if such proportionate price should bring the transaction within the provisions of the usury law the note would *prima facie* be void. But this presumption is capable of being rebutted by evidence that the paper presented was that of different persons of varying credit. (3) In this case the note, when offered for discount, was accompanied by a certificate of defendant that it was business paper and free from defenses. Held, that permitting plaintiff to testify to his belief in the truth of the certificate, and that he had no purpose or intent to use it to evade the statute of usury, was not error. While the reception of this kind of evidence is not to be encouraged, parties have been permitted to speak as to their mental operations in the doing of an act that is called in question where the intent with which it is done serves to characterize it. *McKean v. Hunter*, 30 N. Y. 625; *Thurston v. Cornell*, 38 id. 281; *Bedell v. Chase*, 34 id. 386. See, also, *Dillon v. Anderson*, 43 N. Y. 231; *Friedler v. Darrin*, 50 id. 437. (4) A chattel mortgage from F to defendant, if shown to be given to secure defendant against loss by reason of the making of the note, held, admissible, the mortgage constituting a consideration for the note and giving it inception at the time defendant transferred it to F. See *Dowe v. Schutt*, 2 Den. 621; *Cameron v. Chappell*, 24 Wend. 94. Judgment affirmed. *Baylis v. Cockroft et al.*, appellants. N. Y. Court of Appeals. Opinion by FOLGER, C. J. [Decided June 8, 1880.]

THE TAXATION OF BANKING CAPITAL IN NEW YORK—LAWS OF 1880.

CHAPTER 140.

AN ACT to place and maintain shareholders of State banks, in the assessment and taxation of their shares of stock, upon an equality with shareholders of National banks. Passed April 21, 1880.

SECTION 1. The shareholders of any bank, banking association, or corporation doing a banking business under the general banking law or special charter of this State, shall be assessed and taxed with respect to their shares of stock, only at the same rate and place, to the same extent, and in the same manner as shareholders of National banks may be liable at the same time to be assessed and taxed by authority of the State of New York; provided, however, that no debts shall be deducted from any such assessment of any person applying for the benefit of this act, which have been deducted from the assessment of other personal property of such person, and in making application for such deduction every person making application shall make oath that he has not applied to have such debts deducted from any other assessments against him, and that no such deduction has been made.

SEC. 2. It is hereby declared that the true intent and meaning of this act is to place and maintain shareholders of banks, associations and corporations aforesaid upon an equality, in the particulars in this act referred to, with the shareholders of National banks organized under the act of Congress, entitled "An act to provide a National currency, secured by a pledge of United States bonds, and to provide for the circulation and redemption thereof, approved June 3, 1864;" and all acts and parts of acts inconsistent with the provisions hereof are hereby repealed.

SEC. 3. This act shall take effect immediately.

CHAPTER 596.

AN ACT to provide for the taxation of banks and of moneyed capital engaged in the business of banking, receiving deposits or otherwise. Approved June 26, 1880.

SECTION 1. Every corporation, company or joint-stock association created under the laws of any other State or country, and the managers or agents of every such corporation, company or joint-stock association, who receive deposits, loan money, sell bills of exchange or issue letters of credit, or in any other manner are engaged in business as bankers in this State, shall annually, on or before the first day of February in each year, pay to the Comptroller a State tax of one-half of one-per-cent. on the average of all sums of money used or employed by them in this State, during the year ending the preceding thirty-first day of December.

SEC. 2. It shall be the duty of every corporation, company, joint-stock association, and of the officers, managers or agents thereof, who, under the provisions of this act, are liable to pay a State tax, to make return to the Comptroller in writing on or before the first day of February in each year of the State tax to which they are so liable, and of the deposits or sums of money used or employed respectively on which such tax is based, which return shall be verified by oath or affirmation, and for any failure or neglect to make such return or pay said tax a penalty of ten per centum on the amount of tax due is hereby imposed, such penalty and the tax to be recovered by the people of this State in an action to be brought in any court of competent jurisdiction by the Attorney-General at the instance of the Comptroller.

SEC. 3. The stockholders in every bank, banking association or trust company, organized under the authority of this State or of the United States, 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 stockholders in the assessment of taxes at the place, city, town or ward where such bank, banking association or trust company is located, and not elsewhere, whether the said stockholder resides in said place, city, town or ward, or not; but in the assessment of said shares each stockholder shall be allowed all the deductions and exemptions allowed by law in assessing the value of other taxable personal property owned by individual citizens of this State, and the assessment or taxation shall not be at a greater rate than is made or assessed upon other moneyed capital in the hands of individual citizens of this State. 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, banking association or trust company, 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, banking association or trust company; nothing herein contained shall be held or construed to exempt the real estate of banks, banking associations or trust companies from either State, county or municipal taxes; but the same shall be subject to State, county, municipal, and other taxation to the same extent and rate, and in the same manner according to its value as other real estate is taxed.

SEC. 4. There shall be kept at all times in the office where the business of each bank, banking association or trust company, organized under the authority of this State, or of the United States, shall be transacted, a full and correct list of the names and residences of all the stockholders therein, and of the number of shares held by each; and such list shall be subject to the inspection of the officers authorized to assess taxes during the business hours of each day in which business may be legally transacted. The managers or agents of any corporation, company or joint-stock association mentioned in the first section of this act shall keep at all times in the office where the business of such corporation, company or joint-stock association is transacted in this State, a full and accurate account of the moneys used or employed and of the deposits therein, and such account shall be subject to the inspection of the Comptroller or of any clerk designated by him to inspect the same during business hours of any day on which business may be legally transacted.

SEC. 5. When the owner of stock in any bank, banking association or trust company, organized under the laws of this State, or of the United States, shall not reside in the same place where the bank, banking association or trust company is located the collector and county treasurer shall, respectively, have the same powers as to collecting the tax to be assessed by this act as they have by law when the person assessed has removed from the town, ward or county in which the assessment was made, and the county treasurer, receiver of taxes or other officer authorized to receive such tax from the collector may all, or either of them, have an action to collect the tax from the avails of the sale of his shares of stock, and the tax on the share or shares of said stock shall be and remain a lien thereon from the day when the property is by law assessed till the payment of said tax, and if transferred after such day the transfer shall be subject to such lien.

SEC. 6. For the purpose of collecting the taxes to be assessed under sections three, four and five of this act, and in addition to any other law of this State, not in conflict with the Constitution of the United States relative to the imposition of assessment and collection of taxes, it shall be the duty of every such bank, banking association, or trust company, and the managing officer or officers thereof, to retain so much of any dividend or dividends belonging to such stockholder as shall be necessary to pay any taxes assessed in pursuance of sections three, four and five of this act until it shall be made to appear to such officer or officers that such taxes have been paid.

SEC. 7. This act shall take effect immediately.

POOR'S RAILROAD MANUAL FOR 1880.

This standard publication will show that the number of miles of railroad in operation at the end of 1879 was 86,497. There were 4,721 miles constructed during 1879, being more than for any year since 1872.

Year.	Miles Operated.	Capital and Funded Debt.	Gross Earnings.	Net Earnings.	Dividends Paid.
1879....	84,233	\$ 4,762,566,010	\$ 529,012,999	\$ 219,916,724	\$ 61,681,470
1878....	78,960	4,589,948,793	490,103,351	187,575,167	53,629,368
1877....	74,112	4,568,597,248	472,909,272	170,976,697	58,556,312
1876....	73,508	4,468,591,935	497,257,959	186,452,752	68,039,668
1875....	71,759	4,415,631,630	503,065,505	185,506,438	74,294,208
1874....	69,273	4,221,763,594	520,466,016	189,570,958	67,042,942
1873....	66,237	3,784,543,034	526,419,935	183,810,562	67,120,709
1872....	57,323	3,159,423,057	465,241,055	165,754,373	64,418,157
1871....	44,614	2,664,627,045	403,329,208	141,746,404	56,456,681

The *Manual* presents in a strong light the continuous reduction in the rates charged for railroad freights. It gives the aggregate tonnage and freight receipts of thirteen trunk roads in 1873 and 1879 as follows;

Tons of freight removed in 1873.....	45,557,002
" " " " 1879.....	67,092,549
Increase, 47 per cent., or.....	21,535,547
Receipts from freight in 1873.....	\$ 112,004,648
" " " " 1879.....	116,311,452
Increase, 3.83 per cent., or.....	\$ 4,306,804
Miles of railroad in 1873.....	11,438
" " " " 1879.....	13,821
Rate per ton per mile in 1873, cents.....	\$ 177
" " " " 1879, cents.....	102
Decrease, 42.3 per cent., or cents.....	\$ 75

From this comparison the *Manual* states: "Had the rates of 1873 been maintained in 1879, the receipts for the latter year, instead of being as now, would have reached on the roads named the sum of \$230,618,838, and for the United States, \$922,475,352. The difference between the amount actually received and that given above shows what has been gained by the public in the operations of our railroads alone."

On the same thirteen trunk roads, the rate of freight charge per ton per mile was \$1.15 in 1878, and only \$1.02 in 1879.

The first table given above shows an increase in 1879 of the aggregate capital and funded debt. But there was an actual decrease of \$15,251,851 in the funded debt, while the capital stock or shares increased \$187,708,068.

The following detailed statements are copied from the *Manual*:

"Classifying the States by their geographical position as usual, it will be seen that the gross earnings for the New England States were \$41,329,825, against \$41,260,203 for 1878, and \$44,590,465 for 1877. Of these earnings \$23,807,143 were received for transportation of freight, mails, etc., and \$17,522,682 for the transportation of passengers. The net earnings were \$15,586,091, against \$13,685,927 for 1878, and \$13,735,746 for 1877. The dividends paid amounted to \$7,236,205, against \$7,566,655 for 1878, and \$6,977,726 for 1877.

"The gross earnings of the railroads in the Middle States were \$170,310,846 against \$155,458,968 for 1878, and \$155,943,121 for 1877. Of gross earnings \$127,115,208 were received for transportation of freight, mails, etc., and \$43,195,638 for transportation of passengers. The net earnings were \$70,416,970, against \$61,559,993 for 1878, and \$61,033,089 for 1877. The dividends paid amounted to \$24,335,164, against \$21,148,442 for 1878, and \$24,890,480 for 1877.

"The gross earnings of the railroads in the Southern States were \$43,917,284, against \$42,797,284 for 1878, and \$39,812,358 for 1877. The net earnings were \$14,673,357, against \$14,379,958 for 1878, and \$12,664,346 for 1877. The dividends paid amounted to \$2,131,770, against \$2,805,799 for 1878, and \$2,740,793 for 1877. The earnings from freight, mails, etc., were \$32,595,806, and from passengers \$11,321,478.

"The gross earnings of the railroads of the Western States were \$232,379,646, against \$209,852,275 for 1878, and \$193,204,516 for 1877. The net earnings were \$98,961,906, against \$77,958,229 for 1878, and \$66,085,243 for 1877. The dividends paid amounted to \$23,561,262, against \$19,341,222 for 1878, and \$14,556,462 for 1877. The earnings from freight, mails, etc., were \$77,930,875, and from passengers \$54,448,771.

"The gross earnings of the railroads in the Pacific States were \$10,721,157 against \$10,082,491 for 1878, and \$7,766,922 for 1877. The net earnings were \$6,606,390, against \$3,501,625 for 1878, and \$2,655,137 for 1877. Included in net earnings is the rental paid by the Central Pacific Railroad Company for the use of the Southern Pacific Railroad. The dividends paid were \$584,104, against \$930,000 for 1878, and \$240,099 for 1877.

"On the Pacific railroads the earnings aggregated \$30,354,241, against \$30,652,130 for 1878, and \$32,170,082 for 1877; of this sum \$8,127,165 were derived from passengers, and \$22,227,076 from transportation of freight, mails, etc. The net earnings were \$13,672,010, against \$16,489,425 for 1878, and \$15,053,582 for 1877, and the dividends \$3,832,965, against \$1,837,250 for 1878, and \$7,281,640 for 1877."

LIABILITIES OF STOCKHOLDERS OF INSOLVENT NATIONAL BANKS.

A writ of mandamus was, on June 30th, denied by the United States Supreme Court for the District of Columbia, upon the Comptroller of the Currency, upon the application of the Citizens' Bank of Louisiana, a creditor of the Crescent City National Banking Association of New Orleans, in the hands of a receiver appointed by the Comptroller under the following circumstances: The bank failed March 18, 1873, having a capital of \$500,000, and an indebtedness, including principal and interest, of \$788,750. The amount realized from the assets of the bank was \$555,233, leaving a deficiency, including expenses, of about \$350,000. In order to cover this deficiency, the Comptroller of the Currency ordered an assessment upon the shareholders of seventy per cent., and the net amount of \$112,658 has been realized from that source.

Section 5,151 of the *Revised Statutes* provides "that the shareholders of every National banking association 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 demand of their capital stock therein, at the par value thereof, in addition to the amount invested in such shares" The Comptroller held that under this section he is required to make an assessment upon the shareholders for any deficiency in the assets. The amount of the assessment, in the case of the Crescent City National Bank, was sufficient to pay the creditors in full, if the whole amount had been collected; but as only a portion of the amount was realized, on account of the insolvency of many of the shareholders, a rule was taken to show cause why a mandamus should not issue, compelling him to assess said shareholders to the extent of the par value of their stock, or thirty per cent. in addition to said assessment of seventy per cent. The Court denied the writ, holding that under said section 5,151, solvent shareholders were not to be called upon, and could not be assessed to make good any deficiency arising from inability to collect from other shareholders on account of their insolvency.

The Court also expressed doubt as to their power to review the discretionary action of the Comptroller in the premises.

The case was argued before Justices Wylie, Hagner, and James, by C. W. Horner, Esq., for the relator, and by Hon. Charles Case, for the Comptroller.

THE READING RAILROAD COMPANY.

The debts of this company on the 24th of May, according to a previous statement made by the receivers about a month since, were as follows:

Mortgages from 1836 to 1868.....	\$ 5,573,500
Cons. Mortgage of 1871.....	18,616,000
Improvement Mortgage of 1873.....	9,364,000
General Mortgage of 1874.....	19,686,000
Income Mortgage of 1876.....	2,454,000
Scrip of Funded Coupons.....	1,766,880
Mortgages on real estate.....	1,916,252
Debenture Loans.....	12,250,200
Perkiomen Mortgage.....	99,180
Debenture Scrip.....	3,391,729
Schuylkill Nav. Co. Loans.....	2,578,250
East Pa. R. R. Co. bonds.....	495,900
Floating debt, covered by collaterals.....	10,251,766
Floating debt, uncovered.....	3,399,515
Other items.....	1,185,146
	<hr/>
	\$92,851,321

The above does not include such bonds of the company as have been pledged as security for floating debts, nor does it include the capital stock which is \$34,278,175.

The particulars of the floating debt are as follows:

Bills payable and loans, including advances, with option, on general mortgage bonds. [These debts principally secured by general mortgage bonds, income mortgage bonds and other stocks and bonds owned by the Company].....	\$9,560,074 66
Wages certificates.....	15,760 00
Material certificates.....	678,932 30
	<hr/>
Total floating debt (for which obligations of the Company have been given).....	\$10,254,766 96
Due to connecting roads account current business.....	491,469 65
Due to leased roads and canals account rental.....	829,522 99
Unpaid wages.....	793,038 40
Unpaid coupons, and interest on loans and dividends....	120,359 76
Taxes due Commonwealth of Pennsylvania on gross receipts.....	81,214 89
Taxes due Commonwealth of Pennsylvania on capital stock.....	33,997 04
Debts due by the Company for materials, etc.....	739,273 09
Dividends of prior years of Schuylkill Navigation Company, payable in scrip.....	5,912 90
Advances account freight and tolls, etc.....	214,727 19
	<hr/>
Total floating debt (for which no obligations of the Company have been given).....	\$ 3,399,515 96
Aggregate floating debt.....	\$18,564,282 92

The Coal and Iron Company, which is really a branch concern of the Reading Railroad Company, owes, in addition to the capital stock of \$8,000,000, the following debts:

Purchase money mortgages.....	\$ 12,638,000
Locust Dale Coal Co. Loan.....	896,234
Mortgage to P. & R. R. of 1874.....	29,737,965
do do do 1876.....	10,000,000
Debenture Loan.....	1,731,000
Floating Debt.....	3,516,698
Due P. & R. R. R. Loan account.....	6,358,519
	<hr/>
Total debt.....	\$ 64,878,417

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE

I.—THE RIGHT TO CHARGE UP DISCOUNTED PAPER.

Have banks a legal right to charge protested notes to the accounts of their dealers for whom they had been discounted?

REPLY.—A bank deposit is a mere debt due from the bank to the depositor, against which the former may set-off any debt due from the depositor to it. Banks have, therefore, the right to charge protested notes to the accounts of the dealers for whom they have been discounted, if the dealers are liable on the notes. They are so liable if they have indorsed the notes, and under some circumstances if the notes prove invalid, *e. g.* forged, although they may not have indorsed them. They cannot be charged with the notes merely because the notes have been discounted at their request. This inquiry might well be stated with greater particularity.

II.—NO-PROTEST TICKETS.

Is a draft, note or bill, indorsed by one or more parties, with a "No-Protest" ticket attached, subject to protest when the letter enclosing the collection does *not* state no protest. In other words, must the parties receiving a collection follow the instructions of the *letter* or the instructions on *ticket attached to the collection*, in order to protect all parties.

REPLY.—We suppose the law to be that, if the ticket is pinned to the draft by authority of the holder, and the draft is then sent by him for collection, although the accompanying letter makes no mention of it, this is equivalent to an instruction to the agent not to protest. And doubtless, the receipt of the draft, with ticket attached, in a letter from the holder, would be *prima facie* evidence that the ticket was so attached by his authority.

We have always taken the view, however, that, as this may be disputed, and might be difficult of proof, the agent is entitled, for his own protection, to have the written instructions of his principal upon so important a matter. And we think it is safer and better practice, in the business of making collections, to disregard "No-Protest" tickets unless accompanied with written directions.

Upon inquiry of several banks in this City, it was found to be their usual custom to obey such tickets when not supported by written instructions, unless the amount of the draft be large, in which case the risk would not be taken.

III.—GRACE ON PAPER PAYABLE ON A DATE NAMED.

We have an acceptance payable in Norfolk, Va., "on January 20, 1881." Will you kindly inform me if the acceptor has the right to claim three days' grace?

REPLY.—Yes. Unless there is in the paper some clause or expression waiving the right, the acceptor is entitled to grace.

BANKING AND FINANCIAL ITEMS.

THE TREASURY DEPARTMENT has published a statement showing the amount of paper and fractional silver currency outstanding in the United States at the close of the fiscal year, June 30th last. The respective amounts are the following: State bank notes, \$299,790; National bank notes, \$344,505,427; demand notes, \$60,975; legal tenders, \$346,681,016; one and two-year notes of 1863, \$82,485; compound-interest notes, \$242,590; silver certificates, \$12,374,270; fractional paper currency, \$7,214,954; fractional silver currency, \$24,061,449; total currency of all kinds, \$735,522,956. This total is higher than at any time since 1876, and the highest total at any time reached was \$983,318,685 in 1865. At the beginning of the rebellion the total was \$207,102,477, all State bank circulation.

A statement published by the Treasury Department shows that in the debt-refunding operations there have thus far been refunded into fives, four-and-a-halves and fours \$1,395,347,800 bonds bearing higher rates of interest. This retirement has saved \$58,289,168 in the annual interest charge for the debt. The total annual interest charge is now \$79,633,981, and when at its highest point, August 31, 1865, the annual charge was \$150,977,697. The debt, which was then \$2,756,431,571, is now reduced to \$1,919,326,747.

CONVERSION OF REFUNDING CERTIFICATES.—Of the the 40,000,000 of \$10 refunding certificates issued under the special act of Congress, which were convertible into four-per-cent-bonds of \$50 and upward, about \$1,367,000 remain unconverted. A great many of the certificates are now being received by the United States Treasurer in sums of less than \$50 for conversion into four-per-cent. bonds. Treasurer Gilfillan is of course obliged to return them. The question has also been raised in the Treasury Department whether these certificates are convertible, principal and accrued interest, into bonds. It has been decided that the principal only is convertible. When these certificates are presented in proper amounts they are converted on the basis of the principal. The accrued interest, is however, paid to the holders by check.

BANK TAXATION.—The Internal Revenue Bureau furnishes the following comparative statement of the tax assessments on capital and deposits: November, 1879, \$1,525,070.11; May, 1880, \$1,645,440.80. Increase in May, \$120,370.69, notwithstanding that the exemption allowed to savings institutions under the act of March 1, 1879, is much larger in May than in November.

Taxable capital and deposits in November, 1879, \$3,660,168,264; in May, 1880, \$3,949,057,920. Increase in May, \$288,889,656.

THE GROCERS' BANK.—Mr. S. V. White, receiver of the Grocers' Bank, has been authorized by the Supreme Court, to pay an extra dividend of twenty per cent. This makes the total amount paid to creditors eighty per cent.

CALIFORNIA.—The census gives San Francisco 233,006 inhabitants, including 20,549 Chinese.

Although the property in San Francisco assessed for taxation is \$50,000,000 more this year than last, the rate of taxation has been raised from 1.37 to 1.57 per cent. This implies increased expenses, unless there is some indebtedness being paid off.

For the first six months of 1880, the San Francisco silver shipments to China and Hong Kong were: Silver bars, \$1,046,279; Mexican dollars, \$1,093,834; Trade dollars, \$1,000. The total was less by \$2,221,703, than during the corresponding months of 1879.

COLORADO.—The value of property in Leadville, as assessed for taxation this year, is \$10,975,790, as compared with \$3,485,625 last year.

The directors of the Colorado Mortgage and Investment Company of London (limited) recommend a dividend for the past year of ten per cent. (of which five per cent. has already been paid), and a bonus of two and one-half per cent. and to place \$65,000 to the reserve fund.

INDIANA.—Through a misunderstanding of the returns from the Commercial Bank of Union City, the name of the President was omitted from the last edition of the *BANKER'S ALMANAC AND REGISTER*. Mr. J. S. Johnson continues to fill that office as heretofore. Mr. J. F. Rubey is assistant cashier. The capital of the bank is \$60,000. New York correspondent, the Third National Bank.

IOWA.—Mr. Arthur Bridgman, Jr., has been elected Cashier of the State National Bank, of Keokuk, to fill the vacancy caused by the death of Mr. O. C. Hale. Mr. Bridgman has been connected with the State National Bank for about sixteen years, is a native of Iowa, and the appointment is a deserved tribute to his character and efficiency.

MISSISSIPPI.—Mr. Nathaniel E. Goodwin, for many years cashier of the Columbus Insurance and Banking Company, has been compelled by ill-health to resign his position. Mr. William H. Lee has been elected his successor and has entered upon his duties.

OHIO.—Mr. HENRY B. WICK (of whose death on April 22d we omitted to take note at the time) was the oldest banker in Youngstown, Ohio, having been in the business about twenty-five years. He was a man of sterling qualities, and held in high regard by his fellow citizens. Possessed of unusual ability and shrewdness, and strictly attentive to his business, he had accumulated a handsome fortune, and was one of the wealthiest men in Mahoning county.

CRIMES AND CASUALTIES.—S. S. Rickly, President of the Capital City Bank, in Columbus, Ohio, was shot in the head, while standing at his desk, by Andrew Eichenberg, at noon on July 13th. As soon as the bullet took effect in his victim, Eichenberg shot himself dead. It is doubtful if Mr. Rickly will recover. The pretext for the deed was his refusal to lend money to Eichenberg.

Joseph Karch, Cashier of the Valley National Bank, in Lebanon, Pa., dropped dead on Thursday, July 15th, while entering his son's house.

Samuel S. Bigler, Sr., an aged citizen of Harrisburg, and lately President of the defunct City Bank, dropped dead on the afternoon of July 16th.

The private bank of Fisher, Preston & Co., in Detroit, was robbed of several thousand dollars in currency on the afternoon of July 22d. While Frederick D. Gifford, the clerk, was alone in the bank, a stranger appeared at the opening of the wire screen on the counter and said he wanted to buy some Government bonds. As Gifford was about to reply the robber reached through the opening and struck him senseless with a slung-shot. When he recovered, a package containing between \$4,000 and \$5,000 in currency, which had been lying on the counter, was gone.

TEXAS.—Messrs. Clark and Bryan, at Bryan, Brazos county, are successors to the banking business of Mr. W. H. Flippen, who has removed to Dallas. Their New York correspondent is the Fourth National Bank.

VERMONT.—An informal meeting of the stockholders of the broken Brattleboro National Bank was held on July 19, at Bellows Falls, Vt., and stock to the amount of \$102,400 was represented. No directors appeared. A general discussion was held, resulting in electing a committee to take such measures as seem best to secure all the assets possible to offset the liabilities. The examiner finds that the assets are \$60,000, the liabilities nearly \$100,000. A substantial reward will probably be offered for the arrest of Waite, the absconding President.

RAILROADS.—According to detailed statements in the *Railway Age*, 1700 miles of new railroad were opened during the first six months of this year, and on the 1st of July there were 8000 more miles in process of construction.

On thirty-three railroads, the gross earnings for June were \$706 per mile, as compared with \$569 in June, 1879, being an increase of twenty-four per cent.

The Northern Pacific Railroad is now in operation to Green River, 103 miles west of Bismarck. The land sales of the Northern Pacific Railroad in June, amounted to 66,000 acres.

ATLANTIC AND PACIFIC RAILROAD.—At Albuquerque the grounds for depots, round houses, machine shops, and other buildings, on the thirty-fifth parallel route, have been graded, and the buildings are being constructed with all possible celerity. The bridge across the Rio Grande is nearly completed, and sixty miles of grading are nearly ready for ties and rails. The contract is let for grading the road bed to Wingate, 140 miles west, and rail laying is to commence immediately. It is stated that a contract is about to be closed for grading the road 125 miles west from Wingate, the contractors to take lands from the company in payment for the work.

A NEWFOUNDLAND RAILROAD.—It is reported that the Newfoundland legislature has decided to commence at once the construction of the long-talked-of East and West railroad across the island. The surveys have been completed. It is expected that this road will be part of a new route to Europe, avoiding the dangers of Cape Race, and reducing the ocean distance to Galway to 1600 miles. Starting at St. Johns, it passes in a general westerly course to St. George's bay, on the west coast. The country to be opened up by this railway is well watered and well wooded. The highest land actually traversed is 1,100 feet above the sea, and the total length of line will be about 350 miles, the actual distance from terminus to terminus, in a direct line, being 275 miles. Much of the country to be traversed has hardly been visited by other white men than the actual surveying party, and it is described as affording rich pasture land and as containing abundant supplies of minerals.

BONANZA FARMING.—Massing of large areas under one crop has always ended in disaster, and it always will. The condition of successful cultivation on a large scale is the employment of a great quantity of expensive machinery. To render this machinery profitable, work must be found for it every year; in other words, the same crops must be grown over and over again on the same land. Every farmer knows that this involves an increase in geometrical ratio of insect and fungoid pests to an extent that in a very few years renders such farming unprofitable. But it is by actual experience that this "bonanza" farming must be allowed to work its own cure. Dalrymple, the Dakota man, has already made one failure. Glen, the great California farmer, is bankrupt. Another farmer of thousands of acres in Illinois died lately completely destitute. As one point in favor of these large farms, it is urged that the owners of them find work for the neighboring small farmers, whom they pay in cash. This is no doubt a very welcome thing, but it is earned by neglecting important work at home. It may be very much questioned, too, if this small benefit offsets the periodical letting loose upon the adjacent country of the swarms of tramps who make up a large part of the working force at harvest time on the large farms. As to the scientific aspect of farming on such a large scale, it is quite plain that it must end in the ruin of the land. No return whatever is made for the fertility abstracted from the soil, and under the system practiced such return is absolutely impossible. The effect will be that thousands of acres of exhausted lands will be thrown on the country just about the time when, if the lands had been settled on reasonable principles, the owners would have been on the high road to affluence. Dakota and Minnesota will rue the day when "bonanza" farms were introduced.—*Toronto Globe*

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>
NEW YORK CITY. Germania Bank.....	J. A. Morschhauser, <i>Cas.</i>	G. Schreitmiller.
ARK.... N.B. of Western Ark., F't Smith	John Ayers, <i>Cas.</i>	P. K. Roots.
CAL.... Bank of Healdsburg,	{ H. M. Willson, <i>Pr.</i>	J. Bloom.
	Healdsburg } Jonas Bloom, <i>Cas.</i>	J. C. Bailhache.
COL.... Bank of Silverton.....	John H. Werkheiser, <i>Cas.</i>	H. J. Alexander.
GA.... Commercial Bank, Augusta....	L. T. Taliaferro, <i>Cas.</i>	J. A. Bell.
ILL.... Union Nat'l Bank, Macomb....	I. N. Pearson, <i>Cas.</i>	L. Holland.
" .. Centennial National Bank, {	A. G. Angier, <i>Pr.</i>	J. A. Petefish.*
" .. " Virginia } I. J. Crum, <i>V. P.</i>	A. G. Angier.	
KANSAS. National Bank of Lawrence....	S. O. Thacher, <i>Pr.</i>	J. E. McCoy.
" .. Osage City Savings Bank.....	T. B. Haslam, <i>Cas.</i>	
" .. Osborne Co. Bank, Osborne....	William F. Earls, <i>Cas.</i>	S. A. Walker.
MISS... Columbus Ins. and Bkg Co....	William H. Lee, <i>Cas.</i>	N. E. Goodwin.
" .. Bank of Greenville.....	James Robertshaw, <i>Cas.</i>	
N. J.... First National Bank, Hoboken.	W. B. Goodspeed, <i>Cas. p. t.</i>	F. T. Lilliendahl.
N. Y. .. Genesee Co. Nat'l B'k, Batavia.	Charles R. Gould, <i>Cas.</i>	W. F. Merriman.
PENN... Valley Nat'l Bank, Lebanon....	Jacob B. Karch, <i>Cas.</i>	J. Karch.*
R. I.... Scituate N. B., North Scituate..	Byron J. Cowee, <i>Cas.</i>	A. Hubbard.
S. C.... Bank of Charleston N. B. A....	Ernest H. Pringle, <i>Cas.</i> ..	T. A. Honour.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from July No., page 72.)

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>	
			<i>Authorized.</i>	<i>Paid.</i>
2485	South Framingham Nat'l B'k. South Framingham, MASS.	James W. Clark	\$ 100,000	\$ 60,000
2486	Milmo National Bank..... Laredo, TEXAS.	Eugene Kelly..... Daniel Milmo.	100,000	—
2487	First National Bank..... Middleburgh, N. Y.	Duryea Beekman..... Walter E. Mitchell.	50,000	50,000

RECENT CHANGES OF TITLE, ETC.

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

NEW YORK CITY.....	Manufacturers & Merchants' Bank; in liquidation.
" .. "	Leonard, Howell & Co.; admit Joseph S. Decker.
" .. "	Archibald Turner & Co.; dissolved.
" .. "	L. Von Hoffman & Co.; admit Robert Reutter.
IOWA... Reinbeck.....	Brooks & Moore Bros.; sold out.
" .. Rock Rapids....	Bank of Rock Rapids (Parker & Richards); now an incor- porated stock bank. B. L. Richards, <i>Cas.</i> Same corr.
MINN... St. Paul.....	Farmers & Mechanics' Bank; suspended.
MISS... Meridian.....	Smith & Co.; discontinued.
ONT.... London.....	Johnston's Bank; now Mahon Banking Company.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from July No., page 73.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
COL....	Irwin.....	Bank of Irwin.....	Metropolitan National Bank. M. Coppinger, <i>Pr.</i> S. S. Metzler, <i>Cas.</i>
"	Pitkin.....	Pitkin Bank.....	Kountze Brothers. Nelson Hallock, <i>Pr.</i> J. H. Clemes, <i>Cas.</i>
IOWA...	Mt. Ayr.....	Citizens' Bank.....	Fifth National Bank, <i>Chicago.</i> Day Dunning, <i>Pr.</i> C. B. Dunning, <i>Cas.</i>
KANSAS.	Minneapolis....	Ottawa County Bank.....	Bank of North America. A. N. Schuster, <i>Pr.</i> S. A. Walker, <i>Cas.</i>
MASS...	So. Framing'h'm \$ 100,000	South Framingham N. B. James W. Clark, <i>Pr.</i>	Nat'l B'k Redemption, <i>Boston.</i> Frank M. Stockwell, <i>Cas.</i>
MO.....	Stanberry.....	Armstrong & McLean.....	Donnell, Lawson & Simpson.
NEB....	Indianola.....	Red Willow Co. B'k (J. W. Dolan, <i>Mgr.</i>)	Kountze Bros.
N. Y....	Middleburgh... \$ 50,000	First National Bank..... Duryea Beekman, <i>Pr.</i>	Walter E. Mitchell, <i>Cas.</i>
TEXAS..	Laredo..... \$ 100,000	Milmo National Bank..... Eugene Kelly, <i>Pr.</i>	Daniel Milmo, <i>Cas.</i>

THE FIRST NATIONAL BANK OF NEWARK.—Gen. A. Hobart, who was appointed receiver of the First National Bank of Newark, has completed his report to the Comptroller of the Currency as to the condition of that institution. The liabilities amount to about \$ 600,000, while the available assets do not exceed \$ 400,000. The deficiency thus existing necessitates heavy assessments upon the shareholders, but as many of them are unable to pay anything, and as the bank itself holds at least 125 shares, it is feared that the depositors will sustain serious losses.

The total of assets considered good is \$ 373,281, which may be increased to \$ 400,000. Of the real estate belonging to the bank, a part is held in the name and custody of individual directors and other persons, and has not yet been transferred to the receiver. The doubtful assets are reckoned at \$ 56,328. Of these it is supposed that probably \$ 13,500 may prove to be available. The assets regarded as utterly worthless amount to \$ 3,577. The doubtful securities consist mainly of checks and protested notes. On his schedule appears an item of \$ 17,000 charged against James A. Hedden. The overdrafts were mostly made by regular customers. The building owned and occupied by the bank is valued at \$ 100,000, and is unincumbered. The receiver calls attention particularly to the irregular and careless manner in which the stock books, which seem to have been under the direct and absolute charge of the cashier, were conducted.

In accordance with instructions received from the Comptroller of the Currency, Receiver Hobart sent notices (July 19), to the stockholders of the bank that each one would be required to subscribe 100 per cent., or an amount equal to his or her stock, to make good the bank's deficiencies. The assessment is to be paid in two installments of fifty per cent., the first in thirty days and the second in sixty days from the date of the notice.

The United States Grand Jury, which closed its sessions on July 14th, brought in two indictments against James A. Hedden for malfeasance in connection with the affairs of the First National Bank of Newark; two indictments jointly against Hedden and William A. Thomas, and one separately against Thomas for complicity in misapplying the funds of the bank.

NATIONAL BANKS OF THE UNITED STATES.

June, 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 June 11, 1880. Also, on June 14, 1879, and June 29, 1878:

RESOURCES.	1880.* June 11, 2,076 banks.	1879. June 14, 2,048 banks.	1878 June 29, 2,056 banks.
Loans and discounts	\$991,143,126 .	\$835,875,012 .	\$835,078,133
Overdrafts.....	3,569,520 .	—	—
U. S. bonds to secure circulation	359,512,050 .	352,208,000 .	347,332,100
U. S. bonds to secure deposits...	14,727,000 .	257,038,200 .	28,371,000
U. S. bonds on hand.....	28,604,800 .	62,180,300 .	40,479,900
Other stocks and bonds.....	44,948,345 .	37,617,015 .	36,694,996
Due from approved reserve Ag'ts.	115,935,668 .	93,443,463 .	78,875,055
Due from other National banks..	56,578,444 .	48,192,531 .	41,897,858
Due from State banks & bankers	13,861,582 .	11,258,520 .	12,232,316
Real estate, furniture & fixtures.	47,979,244 .	47,796,108 .	46,153,409
Current expenses and taxes paid.	6,778,829 .	6,913,430 .	4,718,618
Premiums paid.....	3,702,354 .	5,674,497 .	7,335,454
Checks and other cash items.....	9,980,179 .	10,209,982 .	11,525,376
Exchanges for Clearing House...	122,390,409 .	83,152,359 .	87,498,287
Bills of other National banks....	21,908,193 .	16,685,484 .	17,063,576
Fractional currency	387,226 .	446,217 .	610,084
Specie : Gold coin.....	43,622,509 .	.	.
Silver coin	5,862,035 .	.	.
Gold certificates.....	8,439,560 .	42,333,287 .	29,251,469
Silver certificates	495,400 .	.	.
Gold Cl.-House Certifs.	41,087,000 .	.	.
Legal-tender notes.....	64,480,717 .	67,059,152 .	71,643,402
U. S. certif. of dep. legal-tenders	12,500,000 .	25,180,000 .	36,905,000
Five-per-cent Redemption fund	15,920,010 .	16,620,986 .	16,798,667
Due from the U. S. Treasury....	1,079,073 .	.	.
Total resources.....	\$2,035,493,280 .	\$2,019,884,549 .	\$1,750,464,706
LIABILITIES.			
Capital stock paid in	\$455,909,565 .	\$455,244,415 .	\$470,393,366
Surplus fund.....	118,102,014 .	114,321,375 .	118,178,530
Other undivided profits.....	50,443,635 .	45,802,845 .	40,482,522
†National bank notes issued	322,538,701 .	.	.
Amount on hand	4,450,139 .	307,328,695 .	299,621,059
Amount outstanding	318,088,562 .	.	.
State bank notes outstanding	290,738 .	339,927 .	417,808
Dividends unpaid.....	1,330,179 .	1,309,059 .	5,466,350
Individual deposits.....	833,701,034 .	648,934,141 .	621,632,160
United States deposits.....	7,680,905 .	248,421,340 .	22,686,619
Deposits of U. S. disburs'g officers	3,026,757 .	3,682,320 .	2,903,531
Due to other National banks....	171,462,131 .	137,360,091 .	117,845,495
Due to State banks and bankers.	67,938,795 .	50,403,064 .	43,360,527
Notes and bills re-discounted....	2,268,769 .	2,225,396 .	2,453,839
Bills payable.....	5,250,192 .	4,510,876 .	5,022,894
Total liabilities.....	\$2,035,493,280 .	\$2,019,884,549 .	\$1,750,464,706

*The amount of circulation outstanding at the date named, as shown by the books of the Comptroller's office, was \$344,995,029, 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 30, 1874, for the purpose of retiring their circulation.

DIVIDENDS OF NEW YORK CITY BANKS.
THE CAPITAL, SURPLUS, DIVIDENDS IN EIGHTEEN MONTHS, AND STOCK QUOTATIONS OF EACH.
 [Compiled by GOLD, BARBOUR & SWORDS, Bankers and Stock Brokers, 10 Pine St., New York.]

Names.	Capital.	Surplus and Profits.		Dividends and when paid.												Last sales previous to	
		1879.	1880.	Jan. Feb. Mch. Apr. May. July.	Aug. Sep. Oct. Nov. Dec. Feb. Mch. Apr. May. July.	1879.	1880.										
American Exchange National Bank.	\$ 5,000,000	\$ 1,508,630		3	3%	3	3	3%	3%	3%	3%	3%	3%	3%	108%	July 1, 1879.	
Bank of America	3,000,000	1,688,463		4	4										124%	July 15, 1880.	
Bank of New York, N. Y.	2,000,000	837,769		4	4										144%		
Bank of North America	700,000	164,428													154%		
Bank of the Metropolis	300,000	66,253*			3%										86		
Bowery National Bank	250,000	198,826		5	5										139		
Central National Bank	2,000,000	437,634		3%	3%										113%		
Chase National Bank	300,000	78,467													132		
Chatham National Bank	450,000	206,904		3	3										111		
Chemical National Bank	300,000	3,337,449	.25	15	3	.15	.15	.15	.15	.15	.15	.15	.15	.15	107%		
Continental National Bank	1,000,000	211,911			3%										91		
Corn Exchange Bank	100,000	934,797		5	5										89%		
Eleventh Ward Bank	100,000	21,706*													100%		
East River National Bank	250,000	71,203		3%	3%										82%		
Fifth Avenue Bank	100,000	226,134													222		
Fifth National Bank	150,000	47,530			3										109%		
First National Bank	300,000	2,085,182		5	5										307%		
Fourth National Bank	3,000,000	1,134,386		3	3										115		
Fulton National Bank	600,000	413,885													136%		
Gallatin National Bank	1,000,000	729,681		3%	3%										130		
German-American Bank	750,000	96,250*													78%		
German Exchange Bank	200,000	67,805													75		
Germania Bank	200,000	69,054													97%		
Greenwich Bank	200,000	18,591*													101		
Harlem National Bank	300,000	16,700													112		
Hempstead National Bank	1,000,000	329,267													57%		
Importers & Traders' Nat'l Bank	1,500,000	2,094,919	3%												100%		
Irving National Bank	500,000	163,107		7	7										205		
Island City Bank	100,000	14,775		4	4										117		
Leather Manufacturers' Nat'l Bank	600,000	454,916													140		
Manhattan Company Bank	2,050,000	1,131,937*		4	4										133		
Manufacturers & Merchants' Bank	100,000	2,600*		3%	3%										72		

* Und. profits.

† Ex. dividend.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

DEBT BEARING INTEREST.

	June 1, 1880.	July 1, 1880.
Bonds at six per cent.....	\$ 242,001,900	\$ 235,780,400
Bonds at five per cent.....	488,848,700	484,864,900
Bonds at four and a half per cent.....	250,000,000	250,000,000
Bonds at four per cent.....	739,434,700	737,980,800
Refunding certificates.....	1,413,100	1,367,000
Navy pension fund.....	14,000,000	14,000,000
Total principal.....	\$ 1,735,698,400	\$ 1,723,993,100
" interest.....	18,904,187	22,023,326
DEBT ON WHICH INTEREST HAS CEASED.....	8,134,965	7,621,455
Interest.....	830,550	814,444

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes.....	\$ 346,742,046	\$ 346,741,991
Certificates of deposit.....	12,815,000	14,465,000
Fractional currency.....	15,592,934	*7,214,954
Gold and silver certificates.....	20,274,370	20,378,870
Total principal.....	\$ 395,424,350	\$ 388,800,815
Unclaimed Pacific Railroad interest.....	7,777	7,777
Total debt.....	\$ 2,139,257,715	\$ 2,120,415,370
Interest.....	19,742,521	22,845,547
TOTAL DEBT, principal and interest.....	\$ 2,159,000,236	\$ 2,143,260,918
Total Cash in the Treasury.....	206,613,516	201,088,622
Debt, less Cash in the Treasury at date.....	\$ 1,952,386,719	\$ 1,942,172,295
Decrease of debt during the month.....	15,928,033	10,214,425
Decrease of debt since June 30, 1879.....	74,820,530	85,034,901

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 2,890,785	\$ 2,368,395
Debt on which interest has ceased.....	8,134,965	7,621,455
Interest thereon.....	830,550	814,444
Gold and silver certificates.....	20,274,370	20,378,870
U. S. notes held to redeem certificates of deposit..	12,815,000	14,465,000
Cash balance available at date.....	161,667,839	155,440,457
	\$ 206,613,516	\$ 201,088,622

AVAILABLE ASSETS.

Cash in the Treasury.....	206,613,516	\$ 201,088,622
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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.....	45,651,155	45,651,155
Interest repaid by transportation of mails, etc.....	13,084,815	13,615,292
By cash payments five per cent. net earnings.....	655,198	655,198
Balance of interest paid by the United States....	31,911,141	31,380,664

* \$15,590,888—less \$8,375,934, estimated as lost or destroyed, Act June 21, 1879.

NOTES ON THE MONEY MARKET.

NEW YORK, JULY 24, 1880.

Exchange on London at sixty days' sight, 4.82 in gold.

The money market has been undisturbed and tranquil, so that the plethora of idle capital continues to impart a lower tone to the rates of interest. Two per cent. is the quotation for call loans with exceptional transactions on lower and higher terms. Commercial paper passes freely at three-and-a-half to five per cent., and the expectation that monetary activity will bring higher rates in the autumn is not so frequently expressed among the bankers and other lenders, nor so operative in controlling their transactions and engagements for the future. With the close of the fiscal year, several reports from Washington of great interest are being issued, which have attracted considerable attention. The refunding of the public debt under the acts of 1870 and 1871 has absorbed \$1,395,347,800 of the five and six-per-cent. bonds, diminishing the pressure for interest by \$19,900,883 a year. This annual saving in the interest of the public debt by the refunding operations begun ten years ago, and so successfully carried out by Secretary Sherman and his predecessors, is, in part, both the cause and the result of that improvement of our public credit at home and abroad, which is one of the most gratifying features of the financial situation during the past year. The discussion to be introduced by Mr. Sherman on refunding at the Bankers' Convention will probably embody some of the statistics on this subject, a portion of which have already appeared in the newspaper dispatches from Washington. Another of the official reports refers to the large foreign trade of the last year, which has had much to do with the movements of finance, foreign exchange and the public credit. Our imports and exports were larger than during any previous year. The total merchandise exports are reported for the fiscal year ending July 1, 1880, at \$835,793,924, against \$710,439,441 in 1879, \$694,865,766 in 1878, and \$602,475,220 in 1877. The total merchandise imports were \$667,885,565 in 1880, against \$445,777,775 in 1879, \$437,051,532 in 1878, and \$451,323,126 in 1877. These amounts are all in specie values. The excess of the exports over the imports of merchandise are reported at \$167,908,359 in 1880, \$264,661,666 in 1879, \$257,814,234 in 1878, and \$151,152,094 in 1877. The gold imports exceeded the gold exports last year by \$75,891,391. The reserves of the banks have augmented during the last few weeks. The New York Clearing-House statements compare as follows:

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
July 3.....	\$ 291,784,300	\$ 66,168,600	\$ 20,684,600	\$ 19,572,000	\$ 283,078,300	\$ 16,083,625
" 10.....	293,423,500	70,822,100	19,624,300	19,525,800	290,714,700	17,768,225
" 17.....	292,305,500	70,615,500	20,915,400	19,488,700	292,238,500	18,471,275
" 24.....	294,517,800	69,958,900	20,351,200	19,463,500	291,270,000	16,592,600

The Boston bank statement for the past four weeks is as follows :

1880.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
June 28.....	\$ 141,880,400	.... \$ 6,078,800	.... \$ 3 978,200	.... \$ 53,878,800	.... \$ 30,664,600
July 5.....	143,799,100	.... 6,308,000	.... 4,131,900	.... 53,701,800	.... 30,730,500
" 12.....	144,541,600	.... 5,830,900	.... 4,377,800	.... 53,650,100	.... 30,573,400
" 19.....	145,258,100	.... 6,256,400	.... 4,124,000	.... 54,727,500	.... 30,497,400

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

1880.	Loans.	Reserves.	Deposits.	Circulation.
June 28.....	\$ 67,603,460	.... \$ 19,120,748	.... \$ 58,974,381	.... \$ 12,219,634
July 5.....	67,873,399	.... 19,679,612	.... 59,331,205	.... 12,208,661
" 12.....	68,022,417	.... 20,088,506	.... 59,619,666	.... 12,203,979
" 19.....	67,736,302	.... 20,573,774	.... 60,634,603	.... 12,186,961

The cable dispatches have just announced shipments of over a million of gold to New York from London, and a speculative advance in the sensitive values of the stock exchange is the earliest result. If the anticipations of further gold imports are fulfilled, the banks will probably avail themselves of the opportunity of increasing their gold reserves. From Washington the report is made that the standard silver dollars now in the Treasury vaults amount to forty-four millions of the total coinage, which amounts to sixty-three millions. In connection with the import of gold considerable attention has been attracted by the report of the Bureau of Statistics, showing the grain exports of the last fiscal year to be 281,000,000 bushels of the aggregate value of \$ 277,226,762. It is interesting to observe the relative magnitude of the shipments from the various ports. From New Orleans the value was \$ 9,177,000,000; from the Lake ports, \$ 9,875,000,000; from San Francisco, \$ 25,479 000; from Boston, \$ 14,233,000; from Philadelphia, \$ 28,555,000; from Baltimore, \$ 56,100,060; and from New York, \$ 132,054,000. As New York ships nearly one-half of the grain exports, it is obvious that the recent increase of terminal facilities at this point must have considerable influence in the estimates and calculations relative to the prospective exports of bread-stuffs during the coming year. Whether their amount will equal that of the past year is a question which is actively agitated in financial circles just now, and it is discussed with much diversity of estimates and opinions at the Stock Exchange. The stock market is strong with an active investment demand for Government bonds. The foreign demand which we noticed last month is still kept up, and compensates for the stoppage of the Government purchases of bonds for the sinking fund. Subjoined are the quotations which have obtained during the year with the aggregate of bonds outstanding, as reported from Washington at the beginning of this month.

	—Quotations since Jan. 1, 1880.—				—Amount July 1, 1880—		
	Lowest.		Highest.		Registered.	Coupon.	
6s, 1880.....	102¾	Jan. 13	104¾	May 20	\$ 12,669,000	\$ 2,909,000	
6s, 1881.....	103¾	July 9	107¼	May 26	165,023,050	54,436,900	
5s, 1881.....	102¾	May 5	104¾	Apr. 28	294,586,300	190,278,400	
4¾s, 1891.....	106¾	Jan. 2	110¾	May 29	171,107,350	78,892,650	
4s, 1907.....	103	Jan. 2	109¾	June 7	527,707,950	210,272,850	
6s, currency.....	reg.	125	Apr. 21	126½	Feb. 17	64,623,512	—

The high prices current in London do not check the desire to invest in our four per cents. The following comparison shows the closing prices for the last month at the London Stock Exchange, with the range since the beginning of the year :

—Range since Jan. 1, 1880.—

					Lowest.	Highest.
Quotations in London.	July 2.	July 9.	July 16.	July 23.		
U. S. 5s of 1881	105 $\frac{3}{4}$	105 $\frac{3}{4}$	1105	105 $\frac{3}{4}$	104 $\frac{1}{2}$	Apr. 15 .. 106 $\frac{1}{2}$ Jan. 12
U. S. 4 $\frac{1}{2}$ s of 1891	112 $\frac{3}{4}$	112 $\frac{3}{4}$	113 $\frac{3}{4}$	114 $\frac{3}{4}$	109 $\frac{3}{4}$	Jan. 2 .. 114 $\frac{3}{4}$ July '23
U. S. 4s of 1907	110 $\frac{3}{4}$	110 $\frac{3}{4}$	111 $\frac{3}{4}$	112 $\frac{3}{4}$	106 $\frac{1}{4}$	Jan. 2 .. 112 $\frac{3}{4}$ July 23

State bonds are less inquired for and quotations close steady. Railroad bonds are active with a strong investment demand, the best descriptions are advancing to quotations which seem as if they could scarcely be maintained. The Savings banks in Connecticut are availing themselves of the law permitting them to invest in certain first-mortgage bonds, as their Government investments pay them only three and one-half per cent. which rate is insufficient to enable them to avoid disappointing their depositors and losing part of their deposits. In railroad shares there is considerable activity, and the speculative list as well as the other stocks have advanced and closed strong. Foreign exchange is weak. Subjoined are our usual quotations :

QUOTATIONS:	June 25.	July 1.	July 8.	July 16.	July 23.
U. S. 6s, 1881, Coup.	107 $\frac{3}{4}$	104 $\frac{3}{4}$	104 $\frac{1}{2}$	104	104 $\frac{1}{2}$
U. S. 4 $\frac{1}{2}$ s, 1891, Coup.	109 $\frac{3}{4}$	110	110	110 $\frac{1}{4}$	111 $\frac{1}{2}$
U. S. 4s, 1907, Coup.	108 $\frac{3}{4}$	109 $\frac{3}{4}$	108 $\frac{3}{4}$	108 $\frac{3}{4}$	109 $\frac{3}{4}$
West. Union Tel. Co.	104 $\frac{3}{4}$	103 $\frac{3}{4}$	103 $\frac{3}{4}$	103 $\frac{3}{4}$	106 $\frac{3}{4}$
N. Y. C. & Hudson R.	128 $\frac{3}{4}$	127 $\frac{1}{2}$	128	129 $\frac{3}{4}$	131 $\frac{1}{2}$
Lake Shore	108	107 $\frac{3}{4}$	101 $\frac{3}{4}$	105 $\frac{1}{2}$	107 $\frac{1}{2}$
Chicago & Rock Island	108	107	103 $\frac{1}{2}$	106	108 $\frac{3}{4}$
New Jersey Central	65 $\frac{1}{4}$	66 $\frac{1}{4}$	65 $\frac{1}{4}$	69 $\frac{1}{2}$	74 $\frac{1}{2}$
Dal., Lack. & West.	79 $\frac{3}{4}$	77 $\frac{1}{2}$	76 $\frac{1}{2}$	80 $\frac{3}{4}$	84 $\frac{1}{2}$
Delaware & Hudson	75 $\frac{3}{4}$	75 $\frac{1}{2}$	74	77 $\frac{1}{2}$	81
Reading	18 $\frac{3}{4}$	16 $\frac{1}{4}$	14 $\frac{3}{4}$	17 $\frac{1}{2}$	18 $\frac{3}{4}$
North Western	93	91 $\frac{1}{2}$	87 $\frac{1}{2}$	91	94 $\frac{1}{2}$
Pacific Mail	39	39 $\frac{1}{2}$	38 $\frac{1}{2}$	41 $\frac{1}{2}$	42 $\frac{1}{2}$
Erie	40 $\frac{1}{2}$	40 $\frac{1}{2}$	39 $\frac{1}{2}$	42 $\frac{1}{2}$	43 $\frac{1}{2}$
Discounts	4 $\frac{1}{2}$ @ 5	4 $\frac{1}{2}$ @ 5	4 @ 5	4 @ 5	4 @ 4 $\frac{1}{2}$
Call Loans	2 $\frac{1}{2}$ @ 3	3 @ 3 $\frac{1}{2}$	2 @ 3	2 @ 2 $\frac{1}{2}$	2 @ 3
Bills on London	4.85 $\frac{1}{4}$ -4.88	4.84 $\frac{1}{2}$ -4.87	4.84 $\frac{1}{2}$ -4.87	4.83-4.85	4.82 $\frac{1}{2}$ -4.84 $\frac{1}{2}$
Treasury balances, coin	\$88,391,008	\$89,640,192	\$84,481,975	\$85,269,498	\$87,554,185
Do. do. cur.	\$7,671,007	\$7,003,944	\$6,969,016	\$7,477,826	\$7,474,661

On Wednesday, June 30, the offers of bonds for the sinking fund aggregated \$2,878,650, at the following prices: Sixes of 1880, 105.10 to 105.20; sixes of 1881, 107.19@107.50; fives of 1881, 103.56@103.87; fours, 109.15@109.37. The Secretary accepted \$1,000,000 as follows: \$21,000 sixes of 1880 at 105.10 @105.11; \$243,650 sixes of 1881 at 107.19@107.44; \$735,350 fives of 1881 at 103.56@103.74.

On Wednesday, July 7, no bonds were offered, the Secretary having given notice that he should make no purchases on that day.

On Wednesday, July 14, there were fifteen offers of bonds, aggregating \$3,435,800, at the following prices: ixes of 1880, 101.87@102 $\frac{1}{2}$; sixes of 1881, 103.93@104.35; fives of 1881, 103.49@103.74; four-and-a-halves, 110.12 $\frac{1}{2}$ @110.26; fours, 108.30@108.42. In the afternoon, a dispatch from the Treasury at Washington was received, declining to accept any of the foregoing offers.

On Wednesday, July 21, there were no offers of bonds, it being understood that the Secretary, at present and until further notice, would not purchase.

The Treasurer of the United States purchased on the 10th of July, \$125,000 District of Columbia 3.65 bonds, being the amount required by law to be applied to the sinking fund of that loan for the current fiscal year. These bonds will be canceled and deducted from the loan.

Under a late Act of Congress authorizing the United States Treasurer to fund certificates of indebtedness against the District of Columbia and issue 3-65 bonds, there will be about \$700,000 of these bonds issued in addition to the amount now outstanding.

The Treasury Department has purchased United States bonds to the amount of \$237,600 for the sinking fund of the Union and Central Pacific Railroads.

During the first six working days in July, the silver certificates paid in at the New York Custom House for duties amounted to \$994,000.

The time for presenting claims under the Arrears of Pensions Act, expired on the 30th of June. During the last week in June 15,000 applications were filed. To the end of June \$32,000,000 had been paid out under the Act, and it is said that an additional \$18,000,000, and perhaps more, will be required.

The exports of domestic provisions and tallow from the United States during the month of June, 1880, were \$13,813,519, and for June, 1879, \$8,119,115. During the twelve months ended June 30, 1880, the exports were \$120,673,860, and during the same period in 1879, \$110,031,058.

The exports of breadstuffs from the United States in June were \$28,049,859, as compared with \$17,210,710 in June, 1879.

The imports at the port of Baltimore for the year ended June 30 were larger than ever before, the amount being \$19,969,777. The exports were valued at \$76,306,300, an increase of \$18,878,805 over those of the previous year. The total customs receipts were \$3,134,830, being an increase of \$1,039,755.

The income of the great bridge at St. Louis in 1879 was \$392,839, or about three per cent. on \$12,000,000, the amount of its stock and bonds. What the rate is on the actual cost of the work, is another matter altogether.

\$1,500,000 was invested in July in United States Government bonds, for the New York State sinking fund.

On the 30th of June, the total value of foreign merchandise in the United States bonded warehouses in New York was \$40,157,849, as compared with \$17,829,403 on the 30th of June, 1879.

A part of the merchandise in bond on the 30th of June, 1880, was the following:

	<i>Gross tons.</i>	<i>Value.</i>
Pig iron.....	79,545	\$1,593,524
Bar iron.....	1,420	83,214
Band, hoop and scroll iron.....	1,370	56,623
Iron rails.....	29,314	1,104,636
Sheet iron.....	776	55,841
Scrap iron and old rails.....	96,501	2,488,825
Steel rails.....	9,453	376,766
Total.....	218,379	\$5,759,479

In all these cases the value given is the foreign cost, and is exclusive of freight and duties.

Subscriptions to the Cuban loan were opened June 30, in Madrid and Barcelona, and were so liberal that the loan was twice covered.

British returns for the year ended June 30 show a net decrease in the revenue of the year of £1,258,264, and a net increase in the quarter of £697,008.

The British Board of Trade returns for June show that the exports have increased £ 3,879,344 as compared with June in 1879, the greatest increase being in iron, steel and cotton manufactures. The imports have increased £ 9,668,913. Without doubt, the increased exports of iron and steel are attributable to the filling of contracts entered into before the fall in the prices of those articles.

During the calendar year 1879 the merchandise exports from Great Britain were £ 191,531,753 in articles of British production and manufacture, and £ 57,251,606 in foreign and colonial goods; making a total of £ 248,783,364. The merchandise imports were £ 362,999,875.

The stock of coin and bullion in both departments of the Bank of England was as follows at the dates named:

June 9.....	£ 28,089,033	....	June 30.....	£ 29,319,390
" 16.....	28,743,489	....	July 7.....	29,112,322
" 23.....	29,381,943	....	

The metallic reserves of the Bank of France were as follows, at the dates named:

		<i>Francs in gold.</i>	<i>Francs in silver.</i>
June 10.....		786,152,974	1,237,188,407
" 17.....		785,362,977	1,239,391,789
" 24.....		809,982,996	1,238,375,858
July 1.....		798,387,897	1,248,208,875
" 8.....		779,806,780	1,246,457,817

The Banks of France and England have together somewhat less of gold than the Bank of France alone had at the end of 1876.

On the 15th of July, the gold in the Bank of France was 757,224,898 francs, being a decrease of 22,581,882 francs during the preceding week.

The *London Times*, of July 21, predicts that the Bank of France will raise its rate of discount, in order to prevent the exportation of gold.

During the first five months of 1880, French imports of gold coin and bullion were 77,987,072 francs, and the export, 113,410,160 francs.

The *London Economist* of June 26, has the following rather mysterious paragraph: "The silver question has again occupied public attention in some degree in Germany. Till the attitude of the States of the Latin Union is more clearly defined, further speculation on the point seems useless."

The City of Paris has recently made a temporary investment of sixty million francs of surplus money in two-per-cent. bonds of the National Treasury.

The French Ministry of Finance publish a list of remissions of taxes since 1872, of 307,000,000 francs. If remissions continue at the present rate, it is expected that the remaining 518,000,000 francs of the new taxes resulting from the Prussian war will be wiped off in three years. The French debt is so enormous that the French give up any idea of attempting to reduce it. It is, if possible, even more hopeless than the British debt.

The returns of French imports and exports for the first six months of 1880, as compared with the corresponding months of 1879, show an increase of 171,000,000 francs in the imports and of 58,000,000 francs in the exports.

In the French Senate, July 13, the Finance Minister announced that his surplus during the current year would enable him to buy up the public debt to the extent of 167,000,000 francs, or about \$ 32,000,000. France is the most prosperous country in Europe.

The French Chamber of Deputies has voted 9,000,000 francs towards the Sahara Railway.

According to a report made in April, the State, provincial and communal revenue of Belgium is estimated in 1880 at $36\frac{7}{8}$ francs per head, on a population of 5,476,939, as compared with a revenue in 1863 of $28\frac{7}{8}$ francs per head on a population of 4,836,566.

The stocks of wheat in London, July 1, were estimated at 136,000 quarters, which is 92,000 less than on the same day in 1879. The stock of Indian corn was also largely reduced.

A despatch (July 19) from St. Petersburg says that the reports of damage to Russian crops have been much exaggerated, and that there will be no prohibition of the export of breadstuffs.

The Scottish American Land Company (limited) announces that it has purchased extensive agricultural property in the State of Iowa, and that it is now prepared to sell farms varying from 80 to 640 acres at prices ranging from £ 1 to £ 2 per acre. The proposed capital of the company is £ 100,000 in shares of £ 10 each, but the first issue is limited to half that amount.

The Canadian imports for June were \$ 6,660,493, and the duty \$ 1,278,903. The exports were \$ 11,048,427, of which \$ 8,684,226 were the produce of Canada.

A five-per-cent. loan of the city of Montreal, having thirty years to run, sold recently at a premium of only from one and one-half to two per cent. With such rates of interest obtainable in Montreal upon a long and sound security, the banks of that city cannot be under any very urgent necessity of looking elsewhere for opportunities to invest their funds.

Mr. Wurtele, a member of the Quebec Provincial Parliament, sailed for France early in July, for the reported purpose of completing the organization in Paris of a *Credit Foncier* to operate in Canada with a capital of \$ 5,000,000. The French money dealers* seem to be searching the world over for opportunities to loan their funds.

During the month of June 9,231 cattle and 8,211 sheep were shipped to Great Britain from Montreal.

The London correspondent (June 25) of the *Scottish Banking Magazine* says: "The city is not favorable to the opposition of the banks to the Government Savings Bank Bill, which is generally well spoken of by all but bankers."

On the 9th of July the Bank of Glasgow creditors were paid one shilling in the pound, which makes in all seventeen shillings paid so far.

DEATHS.

At HARRISBURG, Pa., on Friday, July 16th, SAMUEL S. BIGLER, Sr., formerly President of the City Bank of Harrisburg.

At LEBANON, Pa., on Thursday, July 15th, JOSEPH KARCH, President of the Valley National Bank, Lebanon.

At VIRGINIA, Illinois, on Monday, May 24, aged fifty-four years, JOHN A. PETEFISH, President of the Centennial National Bank of that place.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

SEPTEMBER, 1880.

No. 3.

THE BANKERS' MEETING AT SARATOGA.

A new and very practical spirit seems to have prevailed at the late Convention of the American Bankers' Association at Saratoga, and it has shown itself in several directions. The survey of the historical development of our banking system in the United States was comprehensive and replete with valuable suggestions, equally useful for the banker, the economist and the man of business. The papers of Mr. Van Slyke, and Mr. John Johnston, of Wisconsin, of the Hon. H. Young, of Pennsylvania, Mr. Gibson, of California, and Mr. Sowles, of Vermont, attracted much attention, and constitute in themselves a valuable treatise on certain important phases of banking growth in the West and in other sections of the country. This class of subjects is so interesting and extensive, that for several successive years we have been led to expect, from the American Bankers' Association, new contributions to this imperfectly known department of the financial history of the United States, and this year at least we have not been disappointed. Among the miscellaneous topics, Mr. A. H. Moss contributed a remarkable paper on "Ancient Banking," which gives a lucid sketch of the results of that careful research and elaborate study for which the author is so well known among Western bankers. The department of foreign banking was not so complete as was intended. The Turkish, Russian, and Spanish systems of banking and currency were not reported upon in consequence of the non-arrival of the documents and papers needful for the report, which will probably be made

all the more complete next year, from the longer interval for the collection of official statistics and authentic data.

The only foreign papers presented to the Convention refer to the banking and currency system of Japan, which in some respects are more interesting and instructive than those of either of the other countries above mentioned. A few years ago Japan became tired of their old currency system and multifarious banks, whose charters were constructed upon principles as diverse and mischievous as those of our own State bank systems before the war. Wearied with these evils, the Japanese Government set up a National banking system, copied from that established in this country in 1863 and 1864. The Japanese Minister at Washington sent to the Convention documents and tables of statistics showing the present condition of the Japanese banking system after seven or eight years successful operation.

These papers are among the most interesting part of the report of the Convention for the present year. They show that the Japanese banking system has passed through three stages of development. The first was the old chaotic system of provincial banks, each province having its own system, and all the systems being diverse from one another, but agreeing in this one point, that they offered few or no safeguards for the financial stability of the country, or for the protection of the public interests confided to the banks. Secondly, came the earlier form of the National banking system, whose restrictions were very severe and stringent, but whose benefits were slowly making themselves felt in the general improvement of the industrial and commercial activity of the Japanese people, when further changes were made in the law. Thirdly, the present form of the National banking system, under which there has been an immense impulse communicated to the financial movements of the country, so that banks have multiplied, the note issues have been augmented, and a depreciation of the currency has resulted, the causes and remedies for which are now being anxiously investigated by the statesmen of Japan.

Such is a brief sketch of the multifarious business brought before the Convention on the first day. The second day's proceedings were opened with the paper of the Hon. John Sherman, Secretary of the Treasury, on "Resumption and Refunding." This paper has attracted so much attention, and has been so widely published, that we need not refer to it in detail. The silver question was elaborately discussed by Mr. George S. Coe, Mr. John Thompson, Hon. A. Loudon Snowden of Philadelphia, and Mr. H. H. Camp of Milwaukee, and Mr. George A. Butler of Connecticut.

On bank taxation, addresses were given by General Wager Swayne, Mr. Chauncey P. Williams, Mr. Julien T. Davies, Mr. John Nollen, Hon. John J. Knox, Mr. T. R. Roach of

Vicksburg, and Mr. Isbell of Alabama. The memorial presented by Mr. Isbell is very comprehensive and complete. It will, we suppose, receive a large number of signatures and be presented to Congress early next session. The prospects are brightening for the relief of the banking business from the oppressive burdens of taxation, and it is hoped that bankers and bank officers in all parts of the country will unite in giving promptly the needed information to their representatives in Congress, so that these gentlemen may thoroughly understand the question when they have to vote next session upon the bill for relieving bank deposits from the mischievous war taxes now imposed upon them. Unless the banking community will, themselves, address personally, their Congressmen and United States Senators on this subject, it is vain for them to expect the relief which is so justly their due. If, however, proper measures be adopted, the tax on deposits and on bank checks can probably be got rid of, for a majority of the members of the House of Representatives and of the Senate are reported to be favorable to the repeal of these taxes when the condition of the Treasury shall be such as to render it expedient. It is stated that special measures are to be adopted this year for tax relief, and there is a hope that they will prove successful.

Perhaps the most useful of the miscellaneous papers presented to the Convention were those on "Industrial Growth and Material Progress," by Mr. E. Atkinson of Boston, and Mr. W. H. Patterson of Georgia. It was originally announced that this part of the work of the Convention would probably be introduced by a paper from General Francis A. Walker, Superintendent of the Census. But it was found that the illustrations from the statistics of the census, showing the financial and industrial growth of the various sections of the country, could not be prepared at this early stage in the compilation and digesting of the voluminous statistics of the census office. Hence the Convention did not take as comprehensive and elaborate a view of this subject as the programme had sketched out beforehand; still, the papers presented will be found extremely suggestive, and that of Mr. Patterson has been extensively copied in the newspapers of the Southern States, to which it chiefly refers. The field for the use of capital in the South is so inviting, so lucrative, and so broad, that we trust that Mr. Patterson, Dr. Simonds, General Echols, Mr. Edward S. Butts, Mr. Anderson, and other representative men among the Southern officers of the American Bankers' Association, will give to this and other kindred subjects next year a more complete exposition than was possible at the recent Convention. It is gratifying to us to hear from our bankers and bank officers, in widely remote sections of the

country, the assurances that the meetings this year of the Convention at Saratoga have been unusually productive of good, and have given a wholesome stimulus to the financial confidence of the country.

THE PUBLIC FINANCES.

The condition of the metallic reserves of the United States Treasury was as follows, at the dates named :

	August 1.	July 1.
Gold coin and bullion (less outstanding certificates).....	\$ 115,274,645	\$ 118,181,527
Silver dollars (less outstanding certificates).....	39,261,832	38,635,746
Subsidiary silver coin.....	24,975,713	24,350,481
Silver bullion.....	6,081,647	5,124,536
	\$ 185,593,837	\$ 186,292,290

Since the date of resumption, the gold has increased \$1,081,886, and the silver dollars have increased \$22,977,854.

The accumulation of subsidiary silver still continues. If we wait until it is relieved by the increase of population, we must make up our minds to wait about twenty years. Under our present currency system, with \$1 and \$2 notes in circulation, and which will not be changed until there is a radical revolution in the habits and opinions of the country, it is shown by a long experience that the use of subsidiary money does not exceed one dollar *per capita*.

During the month of July there were purchases and cancellations of bonds to the amount of \$1,294,700, viz.: \$559,350 of the sixes, and \$735,350 of the fives. At the end of July, the outstanding bonds were as follows: Sixes, \$235,221,050; fives, \$484,129,558; four and a halves, \$250,000,000; fours, \$738,180,450; refunding certificates, \$1,167,350. Total, \$1,708,698,400. The saving of annual interest by the purchase of bonds from November 1 to August 1, is \$4,183,157.

It is reported from Washington that the expectation of the officials is, that from July 1 to January 1 the purchases of bonds will amount to \$50,000,000. The exportations of grain have been enormous during the past two months, thus furnishing a basis for large imports and consequently for a large customs' revenue. In addition, internal duties yield abundantly, and promise to do so, at least for the present.

The probabilities seem to be that on the 1st of May next, the outstanding sixes and fives of 1881 will be reduced to about \$600,000,000, from cancellations in the meantime, and from the cash which can then be spared from the Treasury accumulations. It will be for this Congress, at its next winter's session, to determine in what manner the \$600,000,000 shall be provided for. As is well known, there are two opposing

plans on that subject. One is, to substantially abandon the debt-paying policy of the Funding Act of 1870, and to issue new bonds irredeemable for long terms of years. The other is, to so shape the new obligations as to leave to the country the free option of discharging them all before September, 1891, when \$250,000,000 of four-and-a-half-per-cent. bonds mature.

The issue involved is not exactly that of continuing, or not continuing, a National debt. We shall have one, and a very large one, when all that matures in 1881 is disposed of. We have, in addition to the four and a halves, maturing in 1891, fours to the amount of \$740,000,000 maturing in 1907. The aggregate of those two classes of bonds is \$990,000,000, which makes a debt of respectable proportions, although not up to the European examples. If the friends and advocates of a National debt for this country could content themselves with one of \$990,000,000, harmony could be restored to congressional councils as to the method of dealing with the obligations falling due next year. Whether there will be any harmony on that subject is by no means clear.

Of the abundant ability of the country to pay off \$600,000,000 in the ten years from 1881 to 1891, there can be no sort of question. During the first term of General Grant's administration, we paid debt to the amount of an annual average of \$86,000,000, although during that time the interest account running against us averaged annually \$119,000,000, which is twice what it will be a year hence. During the current decade the National wealth will be at least double what it was when General Grant entered upon the Presidency. The \$600,000,000 will be gotten rid of before 1891, if, with duplicated means, we can muster courage enough to pay half as much on the interest and principal of the debt as was paid then.

In fact, without going into any new policy, the \$600,000,000 will be disposed of by 1891, if we will only adhere to the sinking-fund pledges given when the war debt was contracted, and which were renewed in the Funding Act of 1870.

The coinage at the United States mints for the month of July was: Double eagles, 63,000 pieces, valued at \$1,260,000; eagles, 72,000 pieces, value, \$720,000; silver dollars, 2,280,000; cents, 1,650,000. Total value—gold, \$1,980,000; silver, \$2,280,000; copper, \$16,500.

The total coinage of standard silver dollars to the end of July was \$66,014,750, of which the United States Treasury owned, August 1, \$39,261,831. Of the remainder, \$19,821,960 were in circulation in the metallic form, and \$6,930,959 were deposited in the United States Treasury, and the certificates given therefor were outstanding and in circulation.

FOREIGN TRADE AND IMPORTS OF GOLD.

During July the merchandise movement at the port of New York was: imports, \$40,276,025; exports, \$39,180,227.

These figures leave no doubt that when returns from all the ports are received, they will show a very large balance of trade in favor of this country.

Returns have been received from all the ports which export cereals, and they show the following money values sent abroad in July:

Indian corn	\$ 7,026,273
Wheat	20,068,063
Wheat flour.....	3,543,694
Barley.....	2,807
Indian corn-meal	120,038
Oats	36,004
Rye	6,625
Total.....	\$30,803,504

The current reports for August are of the same character as to the magnitude of the cereal export, and it is not doubted that it will continue through the fall months. Our enormous crops must find a foreign outlet at whatever prices, and the impression now is that European harvests are deficient at so many points, that prices will not go very low.

Our imports continue heavy, but a good many of them do not meet a consumptive demand, and are being warehoused.

The dutiable goods in the New York public warehouses at the end of July amounted to \$43,103,839, being an increase of \$2,945,990 during the month, and \$19,496,326 in excess of the amount in warehouse at the same date of last year.

The course of our foreign trade has already caused some import of gold from Europe. The amounts actually received since August 1, and telegraphed as having been shipped, may amount perhaps to \$10,000,000.

In the opinion of some persons, the movement of gold this way is caused, not wholly by a favorable balance of trade, but partly by the sale abroad of American railroad securities.

Some city journals even say that United States bonds are being purchased here for European account, but cases of that kind must be very few and exceptional. The financial journals of London all agree that that class of bonds is being largely shipped thence to this country, and such is well known in New York to be the fact.

The London *Economist*, of August 7, says: "The movements of securities between the United States and this country at this moment seem rather peculiar. While the Americans are buying back their Government securities at high prices, we appear to be purchasing their railway and other bonds also

at high rates. The one current may perhaps be considered to set against another. Of the two, the purchases on this side are thought rather to exceed the sales."

A city contemporary, the *Tribune*, of August 16, says: "United States bonds cannot be sent here in any large amount. The demand for good American railway securities is now decidedly stronger in Europe than it is here, and large purchases on foreign account have recently been made. Thus Europe, instead of paying for needed food mainly in bonds and stocks, will be obliged this year to pay for large amounts of securities bought, and for the needed food besides. These considerations make it probable that imports of specie will be quite large this fall; and it is even possible that the amount may be as large as it was last year."

Opinions as to the future, like those of the *Tribune*, are generally, but by no means universally, expressed in this city. We believe that the event will show them to be erroneous. They assume what we think is not true, that Europe is in possession of large amounts of gold which can be spared. On the contrary, the drain of last year was all that it could submit to, and its great banks possess and must exercise the power of arresting it by so raising their rates of discount as to turn the flow of securities this way. The most prompt movement of that kind was made by the Bank of Germany in advancing its discount rate on the 18th of August from 4 to 5 per cent.

Any further movement of gold from Europe this way, even if possible, is in all respects undesirable. It must necessarily tend to break down the prices of our staples sent there for sale; and instead of giving an impetus to stock values in Wall Street, must depress them by bringing upon the dealers there an avalanche of American securities now held abroad.

On the 20th of July, the *London Times* was advising the Bank of France to raise its discount rate in the following urgent language: "The one thing for the Bank of France to do, therefore, is to keep the foreign exchanges as much as possible in its favor, and to prevent even the export of gold to Spain, if possible, *for there is now no more at all to spare*. A rise in the Bank of France rate of discount would be followed by a fall in stocks, which would be exported, and such a movement is what may be expected the moment the demand for gold for export shows any signs of increasing."

The following was the condition of the metallic reserves of the Bank of France at the dates named:

		<i>Gold francs.</i>	<i>Silver francs.</i>
July	8.....	779,806,780	1,246,457,817
"	15.....	757,224,898	1,245,068,068
"	22.....	758,094,858	1,247,951,676
"	29.....	766,749,850	1,250,933,713
August	5.....	766,114,737	1,250,434,833

During the week ending August 12, the Bank of France is reported to have increased its metallic reserve between six and seven million francs, but in what class of coins is not stated.

The Paris correspondent of the London *Economist*, writing August 5, says: "The Bank of France, to guard its stock of gold, has stopped paying out its Napoleons, and will only part with ten-franc pieces, which, being relatively more worn, are useless for export. Gold is still going to America, and next Saturday's steamer from Havre will take out about £100,000. This is all obtained from the circulation, the changers selling full-weight Napoleons at one and one-half per mille premium."

The coin and bullion in the Bank of England was as follows at the dates named:

July 14.....	£ 29,020,971	..	July 28.....	£ 29,002,887
" 21.....	28,982,082	..	August 4.....	28,611,738

On the 18th of August, two weeks later, the stock had undergone no important change, being £ 28,684,034. On the 20th of August, the bank lost £100,000.

In this connection, we note that the American press is giving a wide circulation to a statement of the *Statist*, of London, that there is now in that city of "idle money" £ 200,000,000, or \$1,000,000,000. As there is not so much money as that, idle or busy, in all the British islands, the writer for the *Statist* must have intended idle *capital*, rather than idle *money*. How much idle *capital* there is in England, is itself a doubtful problem. The London *Economist* has been steadily insisting, for a year past, that appearances as to that point are deceptive, and that what has seemed a super-abundance of capital has been only the lack of a demand for it. To the same effect the London *Bankers' Magazine*, for August, says: "The payment of the dividends of the Bank of England did not give the open market that temporarily abundant supply of funds to which dealers are in the habit of looking forward. It often occurs, as it did last month, that the repayment of loans to the bank absorbs the bulk of the money set free upon the market, and hence the easing of the outside rates is comparatively trifling. Besides which, during July, the payments upon new capital issues have been large, and the demand for money for general purposes considerable, so that the rates for 'call loans' have never really subsided to any material extent. We are forced still more to the conviction that the supplies of funds available in the London market are really small."

TAXES ON TEA AND COFFEE.

The history of these taxes since the adoption of the present Constitution of the United States may be seen from the following table :

<i>Coffec.</i>	<i>Duty, per lb.</i>	<i>Tea.</i>	<i>Duty, per lb.</i>
1789-90.....	2½ cts.	1789-90.....	6 to 20 cts.
1790-94.....	4 "	1790-97.....	10 to 32 "
1794-1812.....	5 "	1797-1812.....	12 to 32 "
1812-16.....	10 "	1812-16.....	24 to 64 "
1816-28.....	5 "	1816-32.....	12 to 50 "
1828-30.....	2 "	1832-61.....	Free.
1830-32.....	1 "	1861.....	15 cts.
1832-61.....	Free.	1862-64.....	20 "
1861-70.....	5 cts.	1864-70.....	25 "
1870-72.....	3 "	1870-72.....	15 "
1872-80.....	Free.	1872-80.....	Free.

Tea and coffee were both taxed uninterruptedly from 1789 to 1832, when the National debt was entirely paid off. General Jackson, who became President in March, 1829, would not consent to a repeal of those taxes so long as the country was in debt. During the actual existence of war, from 1812 to 1816, these taxes were very high. The courage of the fathers was as great in meeting necessary public burdens as in encountering enemies in the field.

At the date of the entire repeal of the duties on tea and coffee, the duty on tea was fifteen cents, and on coffee three cents, per pound. The revenue obtained was as follows in the years named :

<i>Fiscal year ending June 30.</i>	<i>Tea duty.</i>	<i>Coffee Duty.</i>
1868.....	\$ 9,386,000	\$ 10,638,000
1869.....	9,785,000	11,540,000
1870.....	10,203,000	12,678,000
1871.....	8,232,000	10,969,000

For the three years ending June 30, 1872, when these articles were dutiable, the average declared value of tea was 33 cents, and of coffee 10.9 cents per pound. After the duties were removed, the average declared value of tea was 36.7 cents per pound during the three years ending June 30, 1875, and 26.5 cents during the four years ending June 30, 1879. The average declared value of coffee was 16.5 cents during the three years ending June 30, 1875, and 15.5 cents during the four years ending June 30, 1879. As will be seen, coffee has steadily cost American consumers more since the duty was taken off. Tea cost them more during the first three years after the repeal of the duty, but during the next four years 10.2 cents less per pound, which was two-thirds of the repealed duty.

In round numbers, the public treasury has lost \$ 20,000,000

per annum, which the country has been obliged to make good by paying other taxes, while, upon the whole, the consumers of tea and coffee have gained little or nothing, in the way of reduced prices of those commodities.

It is a question not easily determined, in what proportion the loss to the public treasury has been divided as a profit between the merchants, who import tea and coffee, and the foreigners, who produce them. The lion's share, we apprehend, goes to the foreigner. If it is possible to establish anything by reason and experience, it is the complete fallacy of the proposition that tariff duties fall wholly upon consumers.

The difficulty in this case, however, is not in establishing the point that the repeal of the tea and coffee duties was a folly, about which there is really no substantial difference of opinion in this country. The difficulty is in overcoming the political obstacles to their re-imposition, which are chiefly these two:

The clamor of the demagogues, who denounce tea and coffee duties as being substantially a poll tax, or a tax *per capita*, when in truth they are not, in any appreciable degree, a tax at all upon either persons or property.

The opposition of the protective tariff party, who fear that an inflow of revenue from tea and coffee may increase the demand for repealing or reducing other duties which are wholly, or partially, protective in their character and objects.

It is in vain to disguise the fact that these elements of opposition to a restoration of the tea and coffee duties are very strong. All attempts to restore them failed during the half dozen fiscal years ending June 30, 1879, when the total revenues were so deficient as to force successive Secretaries of the Treasury to disobey the plain and imperative law, which gives to the sinking fund a lien on the customs' revenue prior to that of the general wants of the Government. The excuse for refusing to restore the tea and coffee duties is, of course, much more plausible, now that the revenues have become sufficient to sustain the current sinking fund, and to do something very considerable towards making up the accumulated deficiencies due to that fund.

One method of parrying the attacks of the demagogues would be to couple with duties on tea and coffee some tax which would have elements of popularity, as, for example, a tax on the succession to estates. But it is obvious that that method of proceeding would intensify the opposition of the protective tariff party.

Another method, proposed by one of our correspondents, Mr. Weston, in the February (1877) number of this magazine, seems calculated to disarm the resistance of both the demagogues and the protectionists. This plan is to couple with the restoration of the tea and coffee duties their specific

appropriation to the payment of the National debt, and to no other purpose; such appropriation to be in addition to, and not a part of, the sinking fund as now established by law. Under such conditions, the tea and coffee taxes would form no part of the general resources of the Treasury, and would give no occasion to repeal or reduce other taxes. As to the demagogues, they would hardly venture to oppose any revenue, having for its object the hastening of the extinction of the public debt, which the masses of the people are known to so ardently desire.

We subjoin what our correspondent said upon the subject in 1877:

"It may be politically practicable to supplement the sinking fund by the proceeds of certain taxes, and such a proceeding seems eminently desirable. Taxes on tea and coffee yield revenue abundantly. They disturb no industry, are easily collected, and experience shows that within certain limits, they do not enhance prices to consumers. But so far it has not been possible to induce Congress to re-impose them. The well-conceived phrase, "*a free breakfast table*," terrifies the demagogues, and it is quite evident that the friends of protection are influenced by the consideration, that a revenue from tea and coffee would afford an opportunity for taking off certain duties of a protective character.

"The demagogues and protectionists combined cannot be outvoted, but the latter might be detached from the combination by imposing tea and coffee taxes to be specifically appropriated to buying-in the public debt, not as a substitute for the present sinking fund, but as an addition to it. A special appropriation of taxes is familiar in the practice of governments, and such an appropriation to the public debt is within the exact letter of the Constitution of this country. The protectionists would have nothing to fear from a tea and coffee revenue if it was diverted from the general uses of the Treasury, and the demagogues might apprehend that to raise such a revenue for such a purpose would be popular. But, at any rate, the demagogues could be voted down, if deprived of their protectionist allies.

"These and other taxes, specially set apart to pay the debt, would receive other support, which would not be given without such a special setting apart. The reductions of taxes within recent years have been supported by many persons, who would have been willing to maintain them at the fullest standard, if they could have had reliable assurances that their proceeds would have been applied to the public debt. But their view was that large revenues served to engender extravagance, and that only a trifling proportion of them would reach the debt. There have been too many facts to justify that view. Taxes, specially appropriated to the debt, steer clear of that difficulty."

SPECIE PAYMENTS.

We cut from a city paper, in July, the following paragraph, which is not yet so old as to be an unfit text for certain observations:

"It is well understood that under the Resumption Act the Secretary of the Treasury has the power to sell at par for gold coin any of the bonds issued under the act of 1870—4s, 4½s or 5s—and therefore the Treasury can maintain specie payments even if it should be necessary to draw gold from Europe. This being the case, there is no present danger of a suspension of specie payments."

Nothing that is stated in this paragraph is positively incorrect, but its failure to give the whole case may give rise to erroneous impressions.

On a fair construction of the Resumption Act, the Secretary of the Treasury does not merely possess the power, but he is under an obligation of imperative duty to sell certain bonds, if the proceeds are necessary to the maintenance of specie payments. To hold otherwise, is to hold that such payments depend upon the discretion, which may be nothing better than the whim and caprice, of anybody who may happen to occupy that official place, when there is a serious run on the Treasury for coin.

Nor is there any such restrictive condition attached to his power and duty to sell bonds, as that he must not sell them below par in gold coin. In circumstances which are quite conceivable, a condition like that might make it impossible to dispose of the bonds, and thus leave him helpless in the presence of holders of greenbacks clamoring for payment. The condition actually imposed by the Resumption Act is, that the bonds must be sold for not less than par "*in coin*." The word "*coin*" includes gold, without doubt, but it also includes silver as well.

The guarantee which we have that successive Secretaries will steadily maintain specie payments is, therefore, much more ample and satisfactory than our contemporary described it to be. When occasion shall arise, it is not only within their power, but is enjoined upon them as a duty, to sell any of the classes of bonds specified in the act of 1870, and they must sell if, without putting the price below par, they can realize for them either gold or silver.

The provision in respect to a sale of bonds, which the Resumption Act contains, is certainly not among one of the least of the securities which the Act gives to the country, that the public credit will be maintained. An accumulation of coin equal to the volume of outstanding greenbacks does

not exist, and it is not expected, nor is it either practicable or desirable. The power, accompanied by the obligation, to sell bonds, is a better guard for the Treasury against serious attacks. The power must not be nullified by attaching to it any disabling condition not found in the Resumption Act itself.

With that power preserved intact and in all its original amplitude, as prescribed and defined by law, it may be said, not merely that "there is no present danger of a suspension of specie payments," but that there is no reason why the United States may not maintain such payments at least as long as the Bank of England has already maintained them, and that has been since 1821. The credit of our Government bonds is as high to-day as any existing credit in the world, and it must necessarily grow stronger as the National debt is reduced. So long as they will command "coin at par," a suspension is impossible, if our successive Secretaries of the Treasury will only discharge their plain duty.

THE PAYMENT OF INTEREST ON BANK DEPOSITS.

The chief objection made by British bankers to the proposal to increase the maximum of deposits allowed to be made in the Post-Office and Trustee Savings banks in Great Britain is the tendency it would have, through the attraction of the superior credit of the government, to draw away from the ordinary banks funds of which they now have the use, and out of which they make a profit over and above the interest which they pay to depositors. They do not, however, base their opposition wholly upon the apprehended loss of their own profits, but they say further, that if their deposits are diminished, their capacity to grant loans in aid of production and trade will decline in a corresponding degree, and they insist that the vast operations of British commerce would be impossible without the support which they now receive from the increased discounting facilities which result from the present methods of British banking.

In this country, where the allowance of interest on deposits in ordinary banks is comparatively little known, few people will be likely to concur in the above described views of the British bankers. Here, the enormous amount of deposits attracted into British banks by the system of interest allowances, is regarded as being hazardous to the security of those institutions, and as being one of the principal causes of the tendency of British banking to crises and to violent contractions and expansions. Furthermore, loans dependent upon deposits, and of which there must be a forced with-

drawal whenever deposits fall off, are here regarded as a most undesirable and treacherous foundation for commercial enterprises.

In November, 1873, the Clearing-House banks of New York City appointed a special committee to take into consideration the subject of "reforms in the banking business." The report of this committee, which was accepted with scarcely any dissent, bore specially upon the practice of over-certifying checks. In reply to the suggestion, that it was only a fair equivalent for deposits that depositors should be allowed the favor of an occasional over-certification, the report says:

"The safe custody of money payable on demand is full compensation for its legitimate use, and the risks attending such a business are all that properly appertain to the profession of a banker."

This committee had reference, of course, to a class of bankers such as the Clearing-House banks of New York City. The larger part of them are National institutions which issue circulating notes payable on presentation, and the demand deposits in all of them are treated by the community as current cash, differing in no essential particular from their notes. It is plain that the certainty of the uninterrupted and instant payment of their immediate liabilities depends, other things being equal, upon the proportion between their assets and liabilities of all kinds. If they should adopt the British fashion of swelling both their demand deposits and their deposits payable on agreed terms of notice, by the attraction of an interest allowance, they would, to that extent, increase the risk of their own temporary or permanent insolvency. At any rate, they would certainly place themselves in a position where they could avoid frequent suspensions in no other way than by frequently sacrificing and ruining their own debtors.

The primary idea of sound banking is to lend money, not to borrow it. It is true that bankers can not transact business without incurring obligations of various kinds, but the fact that some degree of indebtedness on their part is unavoidable, is among the strongest reasons why they should incur none which is avoidable.

The business of paying interest on deposits is a proper one to Savings banks, which generally do, and always ought to, reserve the right of requiring some degree of notice in respect to the payment of their own debts. So it may be for trust companies, under many circumstances. But it does not "properly appertain to the profession" of institutions whose circulating notes and deposits can not be permitted to fall for any time, however short, below the standard of immediate cash, without grievous damage to the most important interests.

GERMAN PRODUCTION OF SILVER.

The following appeared a few weeks since in the *Bourse* (newspaper) of Paris :

There is no denying that the question of bi-metallism has made a decisive progress in Germany ; but it is, perhaps, little known that Germany herself is a very large producer of the white metal, and is consequently more interested in the question than might appear from the statements of monometallists. Thirty years ago the production from 1848 to 1857 was 96,907 pounds—a quantity used for industrial purposes. The production in 1879 attained 332,548 pounds, against 331,334 in 1878. Some mines not having sent in their statements, the production may be estimated in round figures at 354,500 pounds. The depreciation of the white metal, calculated on this quantity, comes to 5,500,000 marks, and as the production since 1870 attained 2,881,224 pounds, Germany may be considered to have lost more than 20,000,000 marks. We need hardly add that the production of silver in Germany is not in the old silver mines of Clausthal, Mansfeld, and Freiberg (in Saxony), but chiefly in the lead and copper mines. The fact is, that Germany produces about twenty millions of lead per annum, and that the working expenses are chiefly defrayed by the silver the mineral contains.

We cannot adopt the idea that Germany will be influenced, one way or the other, upon such a momentous question as that of the metallic standard, by the comparatively unimportant consideration of its own production of silver which, although greater than in former times, is still insignificant.

In respect to this increased production of silver in Germany, it is really not much greater than what has occurred in England, and has arisen partly in the same way. The methods of extracting silver from lead have been immensely improved and cheapened within recent years. Nearly all the lead of commerce contains some small percentage of silver, and Spanish lead, which is a very abundant product, is particularly rich in it. About four years ago, Ernest Seyd, a very respectable authority, estimated the silver outturn of the British lead refineries at not less than £800,000, and as probably amounting to £1,000,000, which is many times the silver production of all the British mines. According to such German statistics as we have seen, the increase of the German silver production within recent years has come quite as much from the German refineries of foreign lead and foreign ores as from the German mines.

The most important advance in the extraction of silver from lead resulted from the discovery of the fact that when a mass of lead is melted, that portion of it which first cools enough to be solid contains nearly all the silver, while that part of it which cools the slowest and remains molten

the longest contains little or no silver. Chemists have a theory for everything, and they give their scientific explanations of what is observed, viz.: that the silver in a molten body of lead tends to concentrate itself in that portion of it which first crystallizes or becomes solid. Whether their theories and explanations are correct, or not, the fact itself is perfectly well established, and it affords an obvious and facile method of concentrating any silver contained in lead, so as to render the extraction of it economically practicable when it might not otherwise be so.

The Rothschilds have a refinery in Havre where they are said to practice the above method of facilitating the treatment of lead for silver. Not improbably it was there that they obtained some of the silver of which they were despoiled about a year ago at the Bordeaux mint, and for which robbery they have as yet failed to obtain any indemnification from the French Government. That mint, like the Belgian mint, and perhaps some others in Europe, is run by contractors, and not by public officials.

The question of the metallic standards is being vigorously agitated in Germany, but we have not observed that the production of silver in that country has ever made any figure in the discussions. The production is too small to count for much in such a debate, and if it was very much larger, might have little or no influence in determining the question of the money standard. During the two thousand and more years that India has been more or less known to the western world, it has produced a great deal of gold, and no silver, but it is the latter metal which is used as its currency. Russia produces scarcely any silver, while its gold yield is very large, and according to some accounts, actually larger than that of any other country at the present time, but its legal metallic standard is silver and is apparently likely to remain so.

LIABILITY OF BANK TRUSTEES.—Judge Van Vorst rendered, on August 9th, a decision on the demurrer to the complaint in the action brought by Willis S. Paine, Receiver of the Bond Street Savings Bank, against the trustees of that institution, to recover damages for alleged breaches of trust. The action grew out of loans amounting to \$60,000, as security for which the bank took certain trust deeds conveying property of the Riverside Improvement Company, situated near Chicago. The receiver claimed that the lands were actually worth less than \$10,000; that they were not "productive" but merely wild prairie lands; that David S. Dunscomb, who was one of the trustees of the bank, was also a stockholder in the improvement company. The complaint alleged further that the bank had expended on the premises \$4,000, and that the only return of \$64,000 thus paid out were two years' interest on the lands, which could not be sold for more than \$5,000. Judgment for \$60,000 was asked. Judge Van Vorst overruled the demurrers to the complaint, declaring that there was no justification for these transactions on the part of the trustees. The transaction, he says, must be held in every view in which it may be regarded as *ultra vires*, and the trustees who sanction them are liable for breaches of duty and must make good the loss.

THE MONETARY SYSTEM OF ITALY.

BY DUDLEY P. BAILEY.

The wars of 1859 and 1860 paved the way for the union of nearly all the Italian peninsula under the sceptre of Victor Emanuel, who was officially proclaimed King of Italy on the 17th of March, 1861, though Venetia and the Papal States were not then incorporated in his dominions. The previous division of the peninsula into petty States had produced corresponding diversities of coinage. Thus the Roman States, Modena, Parma, Sardinia, Venetia, Tuscany, and Naples, each had formerly a currency of its own, and these currencies were in the main without uniformity, either in the principal units of coinage or in their subdivisions. The achievement of National unity was soon followed by measures looking to a unification of the currency, similar to that which has more recently been effected in Germany. Recent publications on the silver question have, incidentally, brought into more general notice some interesting facts connected with this monetary reform, and the experiences of Italy with irredeemable paper money.

By a law promulgated on the 24th of August, 1862, it was decreed that all coins used in the different provinces, previously forming any of the old Italian States, should be withdrawn from circulation and replaced by coins of the French system, already adopted in Parma, Placentia, and the Sardinian States. In Venetia the old currency was abolished in 1866, and in the Papal States in 1867, when a uniform currency, having for its unit the lira or franc (19.3 cents), subdivided into one hundred centesimi, became established throughout the peninsula. By a royal decree of October 20, 1861, the exercise of the royal mints was farmed out for twelve years to the National Bank. This was extended for another year at the expiration of the contract, but was finally terminated on the 31st of December, 1874. From January 1, 1875, the only mint exercising the functions of coinage in Italy has been that of Rome, conducted by the Government on its own account, and under official administration. The amount of old coins of former systems circulating in Italy in 1862, and withdrawn up to the year 1877, inclusive, was 576,848,672 lire, of which 30,435,641 lire were gold, 518,072,487 lire silver, and 28,340,544 lire copper. From 1862 to 1877, the latest year for which returns are accessible, the coinage of the Italian mint was as follows :

Years.	Gold. lire.	Silver.		Bronze. lire.	Total. lire.
		900 fine. lire.	835 fine. lire.		
1862..	28,608,760	964,435	330,960	28,190,443	58,004,598
1863..	76,514,100	—	31,751,913	8,000,000	116,266,013
1864..	12,172,600	601,935	30,696,351	—	43,470,886
1865..	68,705,190	4,010,835	41,937,107	—	114,653,132
1866..	3,920,020	2,351,760	33,501,071	20,000,000	59,778,851
1867..	5,525,830	—	10,530,146	41,293	22,097,269
1868..	6,807,940	—	1,252,452	19,958,707	28,019,099
1869..	3,707,100	19,976,230	—	—	23,683,330
1870..	1,095,400	30,729,280	—	—	31,824,680
1871..	470,160	35,116,695	—	—	35,586,855
1872..	66,100	35,611,920	—	—	35,678,020
1873..	20,404,140	42,273,935	—	—	62,678,075
1874..	5,919,420	60,000,000	—	—	65,919,420
1875..	2,244,440	50,000,000	—	—	52,244,440
1876..	2,154,560	36,000,000	—	—	38,154,560
1877..	4,947,960	18,000,000	—	—	22,947,960
Total.	243,269,720	335,637,025	156,000,000	76,190,443	811,097,188

The silver token coins are $\frac{835}{1000}$ pure metal and $\frac{165}{1000}$ alloy. All the other silver and all gold coins are $\frac{900}{1000}$ pure metal and $\frac{100}{1000}$ alloy. The bullion derived from the old silver not recoined was sent abroad and exchanged for gold. The law recognized both gold and silver, of full standard weight and fineness, as money, and legal tender to any amount, at the ratio of fifteen and a half of silver to one of gold, but article six of the coinage law prescribed that silver five-franc pieces of $\frac{900}{1000}$ fine, should be coined only on account of private persons. This last provision was, owing to the depreciation of silver, modified by a law passed July 17, 1875, authorizing the Royal Government to suspend temporarily the application of the provision prohibiting the coinage of silver five-franc pieces, $\frac{900}{1000}$ fine, except on private account. By several successive conventions with the other States of the Latin Union, the coinage of silver five-franc pieces was limited to 60,000,000 lire for 1874; 50,000,000 lire for 1875; 36,000,000 lire for 1876; 18,000,000 lire for 1877; and 9,000,000 lire for 1878. By a second monetary treaty, to continue in force until 1886, in place of the one expiring in 1880, the coinage of silver five-franc pieces is suspended entirely, and cannot be resumed without the unanimous consent of all the contracting States. This provision is also made applicable to 1879, the last year of the old treaty, except that Italy is allowed to coin 20,000,000 lire for the purpose, it is understood, of enabling her to replace her old silver coins with five-franc pieces. By the same treaty, Italy is required to redeem her silver token money, amounting to about 80,000,000 lire circulating in the other States of the Latin Union, and which ceased to be a legal tender out of Italy on the 1st of January, 1880. The amount of these coins so far collected is 71,031,467 lire in France and the colonies; 6,501,413 lire in Belgium; and 1,557,241 lire in Switzerland, making a total of 79,090,121 lire.

The newly assumed responsibilities, arising from the entrance of Italy into the family of nations, involved expenses which taxed severely the resources of the country. The public expenditures rose from 921,016,396 lire in 1862, to 1,066,459,285 lire in 1865. From 1860 to 1865, inclusive, the excess of expenditures over revenue amounted to 2,653,667,003 lire, or about \$500,000,000. The National debt increased from 2,439,351,650 lire, December 31, 1860, to 5,533,475,570 lire, December 31, 1865, and the annual interest paid rose from 115,764,606 lire in 1860, to 269,851,363 lire in 1865. The excess of imports over exports had at the same time created a large foreign debt, represented by public stocks and the bonds and shares of railways and other companies. The interest payable abroad increased from about 35,000,000 lire in 1861, to about 90,000,000 lire in 1864.

Such was the financial position when, in March, 1866, Italy concluded an alliance with Prussia for the liberation of Venetia, followed on the 20th of June by a declaration of war against Austria. These political complications came simultaneously with a commercial crisis which, though most severely felt in London, communicated its effects to all the leading money markets. A large amount of public securities previously held abroad were sent home and thrown upon the Italian market, producing a heavy drain of the precious metals from the banks. The consolidated five-per-cent. rentes had fallen from sixty-five per cent. at the beginning of 1866, to forty-three per cent. at the end of April. Under these circumstances, further borrowing, for war purposes, in the open market, except on ruinous terms, became impossible. To enable the National Bank to render the necessary assistance to the Government, extraordinary measures became necessary, and on the 1st of May, 1866, pursuant to a law passed on the day previous, a royal decree suspended payment in specie, and made paper money a legal tender. This paper money was not issued by the Government directly, but by the National Bank, and was furnished to the Government under the denomination of loans to the Treasury of the Kingdom. At this time the amount of coin of various descriptions in circulation was estimated at about 900,000,000 lire.

Paper money at once began to depreciate, the gold premium reaching eighteen and three-quarters per cent. after the defeat of the Italians at Custoza. All the coins of full weight speedily disappeared from circulation. The silver token coins too, though worth seven per cent. less than their nominal value, found their way out of the country in large quantities and accumulated, as already stated, in other States of the Latin Union, especially France and Belgium, to the serious inconvenience of their commercial classes. Even the bronze coins, worth hardly one-third of their nominal value,

were at one time hoarded to a considerable extent in the Neapolitan provinces. This disappearance of token coins gave rise, as in the United States after our suspension of specie payments in 1861, to the issue of small notes by the less important institutions, such as popular banks, workingmen's banks, and Savings banks. The circulation of this currency was maintained and even extended until 1874, when a law was passed to put a stop to the abuse and provide for a small-note currency under Government authority. By this law of April 30, 1874, six principal institutions of credit, the National Bank of the Kingdom of Italy, the Roman Bank, the Bank of Naples, the Bank of Sicily, the National Tuscan Bank, and the Tuscan Bank of Credit, were authorized to form a consorzio, or syndicate, with the privilege of issuing 1,000,000,000 lire, in notes styled "consorziali," mutually guaranteed by the syndicate and the Government, the latter having the use of the notes and depositing stocks with the syndicate as security for the advances made by the banks.

These notes have forced currency (*corso forzoso*), that is, are a legal tender throughout the Kingdom, and were substituted for the notes issued by the National Bank prior to 1874. They are printed on white paper, in denominations of one-half, one, two, five, ten, twenty, one hundred, and one thousand lire (about 10 c., 20 c., 40 c., \$1, \$2, \$4, \$20, and \$200). Each of these banks is also, under special conditions, authorized to issue on its own credit, notes to an amount not exceeding three times its capital (exclusive of surplus), as it stood at the end of November, 1873. These notes have a legal but not obligatory currency. They are not legal tender, but are lawful money in the same sense as our National bank notes, every one having the option of refusing them and demanding legal-tender notes. The bank notes proper are printed on colored paper, and are of denominations of fifty, two hundred, five hundred, and one thousand lire (about \$10, \$40, \$100, and \$200). The banks are required to redeem them either in coin or in legal-tender notes issued by the Syndicate, and to keep a reserve of coin or legal-tender notes equal to one-third of their notes payable on demand. Each bank must have an agency at Rome, and may have branches in all the cities of the Kingdom. In certain cases the Government may authorize the banks, for a period not exceeding three months (which may for good cause be extended), to enlarge their circulation to an amount equal to four times their capital. In this case, two-thirds of the gross earnings from the increased circulation go to the Government.

It will be noticed that the paper currency of Italy bears a striking resemblance to that of the United States. The notes of the Syndicate correspond to our United States legal-tender notes, while the Italian bank notes proper, like those

of our National banks, are merely lawful money, and constitute a permissible currency. The main differences are that in Italy legal tenders are not issued by the Government directly, and that the bank note circulation is entirely monopolized by the six institutions already mentioned.

The volume of paper money in circulation and the gold premium since the suspension of specie payments to December 31, 1877, has been, according to a statement contained in the volume on *Commercial Relations*, for 1878, as follows :

CIRCULATION OF PAPER MONEY IN LIRE.

	<i>On account of the several banks.</i>	<i>On account of the Government.</i>	<i>Total.</i>	<i>Premium on gold. Per cent.</i>
Dec. 31, 1866	362,450,125	250,000,000	612,450,125	5.47
" 1867	587,033,580	250,000,000	837,033,580	13.40
" 1868	625,706,748	278,000,000	903,706,748	5.62
" 1869	624,047,635	278,000,000	902,047,635	3.40
" 1870	550,345,577	445,000,000	995,345,577	5.30
" 1871	634,576,288	629,000,000	1,263,576,288	7.30
" 1872	690,532,439	740,000,000	1,430,532,439	11.15
" 1873	733,167,236	790,000,000	1,523,167,236	15.80
" 1874	702,122,650	880,000,000	1,582,122,650	10.80
" 1875	667,416,944	940,000,000	1,607,416,944	8.15
" 1876	701,847,991	940,000,000	1,641,847,991	8.80
" 1877	689,746,079	940,000,000	1,629,746,079	9.05
May 31, 1880	649,600,000	—	—	—

For the last nine years the increase of circulation has been almost wholly in legal tenders, the volume of bank notes remaining almost stationary. The legal tenders have, however, nearly reached the limit fixed by law (1,000,000,000 lire), and unless the law is modified, there cannot be much further increase in this direction.

The principal banking institution is the National Bank of the Kingdom of Italy, which in 1863 succeeded the National Bank of Turin. It had formerly a capital of 100,000,000 lire, in 100,000 shares of 1,000 lire each (700 lire paid up), but this capital had been increased on December 31, 1876, to 150,000,000 lire. Next in importance comes the Bank of Naples, with a working capital, December 31, 1876, of 48,750,000 lire. The capital of the National Tuscan Bank was, at that date, 21,000,000 lire; that of the Roman Bank 15,000,000 lire; that of the Bank of Sicily 12,000,000 lire; and that of the Tuscan Bank of Credit, 5,000,000 lire, giving a total working capital at that date of 251,750,000 lire, and allowing a note circulation of 755,250,000 lire. Of the total circulation, May 31, 1880, that of the National Bank was 385,875,000, leaving 263,725,000 as the aggregate circulation of the other five banks. At the close of 1876, the circulation of the National Bank was given as 391,225,000 lire, and that of the other banks as 254,800,000 lire, while on the 31st of December, 1874, the circulation of the former was 329,000,000 lire, and that of the latter 304,000,000 lire. At neither of these dates does the total circulation correspond with that

given in the table, but the figures show the tendency to a centralization of the note issues. The National Bank is the only one that has established branches throughout the country, and consequently its notes are received everywhere, as there is in every important place an office where they can be exchanged for small paper money, while the notes of the other allied banks being exchangeable for legal tenders of small denominations, only in the province where each bank has an office, are not elsewhere current. For the same reason the notes of the National Bank only are uniformly available for remittances from one part of the Kingdom to another, and remain longer in circulation. In 1876, the National Bank, notwithstanding its larger circulation, had to redeem only 149,000,000 lire of its notes, while the other banks were called upon to redeem 650,000,000 lire of theirs, or more than double their entire issue.

The *Annali dell' Industria e del Commercio*, 1880, No. 18, furnishes the following statistics of "companies by shares" authorized and existing in Italy at the dates given :

SHAREHOLDERS' COMPANIES IN ITALY.	DEC. 31, 1869.		DEC. 31, 1873.		DEC. 31, 1879.	
	No.	Nominal capital. lire.	No.	Nominal capital. lire.	No.	Nominal capital. lire.
<i>Internal.</i>						
Banks of Emission.....	3	120,000,000	4	250,000,000	4	255,000,000
" "Popolari" (Popular Banks).....	40	17,534,100	88	34,073,760	133	42,388,220
Credit Societies.....	19	165,478,030	143	792,906,208	99	267,717,371
Agricultural Credit Soc.....	-	-	11	15,950,000	10	9,000,000
Assurance Companies.....	76	48,159,890	78	57,889,100	32	74,145,000
Railways.....	17	836,570,000	19	755,726,650	27	428,958,500
Mineral Companies.....	15	20,014,600	25	50,935,533	28	48,228,916
Other Companies.....	164	156,157,679	298	484,180,843	226	329,491,806
Total Nat'l Companies..	334	1,363,914,299	666	2,441,662,094	559	1,454,929,813
<i>External.</i>						
Assurance Companies.....	13	88,175,000	23	195,974,034	36	391,922,000
Other Companies.....	5	124,745,000	18	103,900,000	26	151,825,000
	18	212,920,000	41	299,874,034	62	543,747,000
Grand total.....	352	1,576,834,299	707	2,741,536,128	621	1,998,676,813

The reduction in the railway capital is wholly due to the absorption of railways by the State, but the very remarkable rise and fall in the nominal or subscribed capital of the credit societies, shows a growth and collapse of speculative tendencies such as usually attend an unhealthy expansion and contraction of currency and trade like that which has been almost universal since 1870.

The volume of the paper money circulating in Italy, judging by the low premium on gold, appears to be but little, if any, in excess of the amount required for commercial purposes. Yet the heavy burden of debt (about 10,000,000,000 lire) weighing upon the resources of the country, makes it a difficult matter to take even the short step required to return to specie payments, and no Italian statesman has yet

ventured to make the attempt. The long suspension has, however, educated the people to the use of paper money, and the attempt to resume might show there, as it did in the United States, that the amount of coin required and actually used would be comparatively insignificant.

BRITISH SAVINGS BANKS.

The British National Debt Commissioners have heretofore allowed, for all money brought to them by the Trustee Savings banks, interest at the rate of three and one-quarter per cent., of which three per cent. has been paid to the depositors in such banks, the remaining one-quarter per cent. being absorbed in the expenses of management. But the Debt Commissioners have not been able to obtain three and one-quarter per cent. from the consols in which they have invested the money, and the loss by the whole operation aggregated £4,000,000, and was still going on at the rate of £200,000 per annum, when Mr. Gladstone introduced his bill to cut down the allowance of interest by the Commissioners to three per cent., and the allowance to depositors to two and three-quarters per cent. The difference between the rates of interest paid and received by the Commissioners had not itself amounted to £4,000,000. That sum included the interest which had accumulated upon the annual losses of the Commissioners. It seems remarkable that the British Government should have been passive so long while so large a burden was being thrown upon the nation. But attention was not called to it by any demand for appropriations, or by any pinch for money. The £4,000,000 deficit exists in the forms of credits in favor of the Savings banks on the books of the Debt Commissioners. The sums so credited are not called for, and are not likely to be for indefinite periods, and so the matter has been allowed to run along until it reached its present proportions.

Mr. Gladstone's project leaves the interest allowed to depositors in the Post-Office banks at its old rate of two and a half per cent. It is somewhat remarkable that these banks have gained so much heretofore in deposits, in comparison with the Trustee Savings banks, which gave their customers a rate of interest twenty per cent. higher. The following table shows the deposits in the two classes of banks in 1864 and 1880:

	1864.	1880.
Trustee banks.....	£ 39,520,000	£ 42,930,000
Post-Office banks.....	4,993,000	33,410,000

Commenting upon these figures, the London *Bankers' Magazine* observes:

It appears that though the interest allowed to depositors in the

Savings banks under trustees is more than that allowed in the Post-Office Savings banks, the greater facilities granted by the latter, the larger number of offices existing, and the longer hours for which they are open, have caused their deposits to increase to being nearly seven times as large in 1880 as in 1864, while the increase in the case of the Trustee banks is comparatively small. Some allowance must be made in considering this increase in the case of the Post-Office banks, for the amounts handed over from Trustee banks, which have been wound up, to Post-Office Savings banks, but by far the greater part of the extension has taken place through the natural action of the depositors themselves, in going to those banks which they preferred and found most convenient. There are many persons who cannot arrange to go to the Trustee Savings banks during the few hours in which the offices of those banks are open. There may even be a difficulty in ascertaining what those hours are; but the persons likely to make the deposits are more likely to know the hours during which the post offices are open, they know where these offices are situated, they are constantly in the habit of going there for their other business, and the facility, combined with the knowledge that the security is directly that of the Government, is sufficient to compensate for the smaller rate of interest allowed.

The impediments in the way of depositing in the Trustee Savings banks will be realized, when it is considered that 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 in a fortnight. Many are open only one hour in a week.

There are only two considerations which can be legitimately taken into account in this matter by the British or any other Government.

One is that of making use of the savings of the people as a fund to facilitate and cheapen its own necessary borrowing operations.

The other is, that of so managing its own borrowing operations as to encourage thrift by offering a good security to those who are disposed and able to save something out of their earnings.

When governments are forced to borrow it is their primary duty to borrow where they can borrow most cheaply. That course is demanded by the greatest good of the greatest number, and is essentially right in itself. Borrow how and where they will, they cannot avoid interfering with the interests of somebody. If they borrow on long bonds they become competitors in the loan markets with municipalities, corporations, and individuals, who may be trying to borrow at the same time. If they borrow on short notes, or by accepting deposits repayable at short notice or on demand, they interfere with the business of Savings banks, and to some extent, perhaps, with the business of ordinary bankers. If there are two borrowers, it is impossible that they should both obtain the same money. Governments, like individuals, cannot negotiate loans except by crowding somebody else

out of the market. They are not called upon to make an arbitrary and invidious choice as to whom they will crowd out. They are mere trustees for the tax-payers, with no rightful authority to show favor to anybody, and they are under a plain obligation to borrow where they can borrow most cheaply, and to leave the indirect and consequential injury to fall where it may.

As to the encouragement of thrift, it would be going a great way to affirm that governments ought voluntarily to borrow money for the mere sake and purpose of paying interest and giving a good security to persons who are the possessors of money, whether much, or little. No question of that kind arises either in Great Britain or in this country. In both cases, we find governments actually encumbered with heavy debts which they cannot possibly pay off within any short time, but which they must at present keep afloat, extend and put into improved forms from time to time as they best can. In doing that, while they should regard it as their first duty to take care of the interests of the tax-payers, they certainly may and ought to keep in view the great public advantage of stimulating habits of saving among the masses of the people.

THE BATTLE OF THE STANDARDS IN EUROPE.

It is a common thing in the history of nations for measures, adopted to meet a temporary emergency, and expected on all sides to be very short lived, to be continued so long as to ripen finally into a permanent policy. We are having an example of this in the legal-tender paper circulation issued by the United States. In politics, anything which lasts through a generation may be called permanent, and that circulation, which already dates back more than half the period of a generation, seems to be more firmly established than ever before.

In the beginning of 1874, the States of the Latin Union applied to a metal money a method of treatment never before conceived of in any age or country and plainly repugnant to the great principle which has secured to metallic money the favor it has so steadily enjoyed among mankind. The limitation of its quantity, on which its value depends, had always before been left to nature, governments doing nothing except to coin all that was brought to them for that purpose. It had thus always been completely independent of the follies, corruptions, and caprices of legislators, inasmuch as it was automatically regulated by the proportion between the stock on hand, as affected by the current production, waste and consumption in the arts, and the demand for it, as affected by population, trade, and other circumstances. In 1874, the Latin Union, dominated by France,

applied to silver coined money the entirely new principle of controlling its value by means of a legal limitation of its quantity. This policy was avowedly a temporary one, and was doubtless really intended and expected to be only temporary. Although it already dates back nearly seven years, nobody in France even now speaks of it, or advocates it, as a permanent measure. A British professor of political economy (Bonamy Price, of Oxford) has recently defended it as "bi-metallism of the right sort." The French professors have not yet done that, but it is nevertheless quite possible that they will very soon do it. It has been said of political institutions in general, that they are rarely the outcome of any previously formulated dogmas, but grow out of the events of a nation's history, and that theories are not the cause of the facts of the situation, but are the result of those facts. Money, which is, in essential respects, a political institution, is no exception to the rule. Metallic money itself came into use, without any reference to the theoretical views upon which it was afterwards, and is now, justified and commended, and in fact those views had no applicability to its original employment. The reasons for keeping in circulation the legal-tender paper issued in this country during the Civil War, are totally different from the reasons which controlled its first emission. To legislators, the actual existence of anything is of itself oftentimes a sufficient and even imperative motive for continuing it.

The position of the Latin Union, or what is the same thing, the position of France, in prescribing a limitation of the silver coinage was aptly described by those who dictated it, as "an expectant attitude." It was a convenient temporary standpoint from which to observe the progress and final effect of the German silver sales. It left France at liberty to return in the end to the old form of bi-metallism, with an unlimited coinage of both metals, or to go to a gold standard, as the course of future events might indicate. "An expectant attitude" is a phrase which excludes the idea of permanency which was then entertained by nobody in France, and is probably even now contemplated there by only a few persons. The Cabinet and the Bank decisively favored an eventual return to bi-metallism in its old form, and in the only form of which down to that time mankind had any experience or conception. But the party in favor of a gold standard was a considerable one, and had apparently been gaining strength down to 1873.

The effect of the German silver demonetization, which was so much greater than was generally anticipated in Europe, and the fact that the production of gold, instead of advancing with the increasing population and commerce of the world, has since rather declined, have now effectually put an end to any idea of a gold standard, to consist of gold money,

in France. Such a thing is a sheer and hopeless impossibility, and is no longer discussed or thought of. The quantity of French silver money has proved, as the German silver money did, to be more than anybody supposed it to be. It is known to exceed by more than two-fold the estimates made of it, by the leading advocates of discarding it, during the debates prior to 1873. To reduce the French metallic currency, to the extent of the silver part of it, which may be roughly computed at one-half, would result in a fall of prices so extreme as to cause a general bankruptcy, attended by social and political revolutions. It is true that the silver could be given up if gold could be anywhere found to supply its place, but it is precisely at that point that the insuperable difficulty exists. The change of standard in Germany (now perhaps three-fourths completed) from silver to gold, and the nearly simultaneous resumption of specie payments (in which gold was chiefly employed) in the United States, have absorbed and exhausted the disposable gold of the world. Under these combined drafts the Bank of France has lost \$150,000,000 of that metal since December 31, 1876. Asia has been swept bare of any that is available and movable. The countries using gold money, instead of being willing to give up any which they possess, are struggling to increase their stocks. The ages have made great accumulations of it, but of these the principal part is irretrievably fixed in plate, in personal ornaments, or in some of the various decorations which are dictated by the civil policy, or the religious feelings of mankind. It is less easy to recover it from these uses, than to obtain it anew from the bowels of the earth. Gold in the bracelets which give an added charm to the beauties of Indian zenanas, or which glitters in the plated roofs of the churches of the Kremlin, is farther from human reach than when it is imprisoned in the rocks below the 3,000 foot level of the Comstock Lode.

The recognized impossibility in France of going to a gold standard, to consist of gold money, can have, however, no tendency to reconcile those who desired such a standard, if it could be attained, to return to bi-metallism with a free coinage of both metals. The existing system of a limited silver coinage gives to French silver money at home an unvarying gold valuation, and establishes as steady a relation between the French unit of money, the franc, and the units of money in gold-standard countries, as if all francs were made of gold. The existing system does, in fact, give to France an international money, quite as effectually as if there were no silver francs. The metallic outflow and inflow is, of course, confined to the gold part of the currency, but the freedom of that movement is not affected by the circumstance that the silver part of the currency must remain immovable at home. On the theories of the gold standard

school, the adaptation of money to international use overshadows, in importance, all other considerations. On all accounts, the French partisans of a gold standard will stoutly uphold the present system, as against a return to the free coinage of silver, which, by increasing the quantity of that species of money, would make the establishment in France of a metallic money, exclusively of gold, more difficult, if it shall hereafter be made possible at all by some unexpected and extraordinary turn in the fortunes of mining.

As to the supporters of the old form of bi-metallism, while they do not approve of the new system, their opposition to it is much less vehement than it was and always will be to a gold standard consisting of only gold money. The views which they entertain, and which principally influence them, are, first, that a standard of the two metals is steadier than a standard of either alone; and second, that the prices of the world having been in fact based upon the aggregate quantity of gold and silver money, the use of one only must fatally depress property and labor in their relation to credits. The last is incomparably the most potent in the appeal which it makes to the interests of mankind, and, as connected with their interests, to their passions. The steadiness of the value of money in the future is a thing to be coolly and philosophically discussed by political economists. A great and suddenly precipitated fall of prices, tending to destroy the interest of original owners in pledged property of every kind, and to give a crushing weight to public debts, is a present evil, and one of such enormous magnitude that the apprehension of it must necessarily arouse the most angry, resolute and uncompromising resistance.

A policy of restricting the coinage of silver is, however, a very different thing in respect to the contraction of the volume of money, from a policy of bringing about a general rejection of silver by the commercial nations, that is to say, in the Western World. How much a restriction of the silver coinage may contract the volume of money obviously depends upon the closeness of the restriction. It is conceivable that the restriction may be of such a character as not sensibly to diminish the average amount of silver in use in a bi-metallic country. That is to-day approximately true of France.

A bi-metallic standard, with the silver kept by limitation of coinage at a parity with gold, may be called a gold valuation or standard, and in many aspects it is such. But it is a standard of gold, diluted by the addition of the silver, which increases the mass just as if it was so much gold. The two metals are brought to a parity, but at a point below what would be the value of either of them, if used alone.

There may be a gold valuation, with a large employment

of silver, and a small employment of gold, as in Holland at the present time. Indeed there may be a gold valuation, with the employment of silver only. Precisely that was proposed by the local government of India in the early part of last year, and was seriously entertained for some time by the British Government. Its final rejection was contemporaneous with the suspension of sales of silver by Germany in May, 1879, and was precipitated, if not caused, by that event. The proposition was to suspend the coinage of the rupee until it was brought up to its old relation of (say) ten rupees to the pound sterling, and to keep it there by such an amount of coinage from time to time as would effect that object. That would place the Indian currency on a gold valuation, without any actual employment of gold, and without very much diminishing the quantity of silver in use. Such a policy, whether wise or unwise, is an entirely practicable one, except for the danger, which is, perhaps, merely imaginary, of a surreptitious coinage of rupees of standard weight and purity by private persons. A similar policy is entirely practicable in the United States. Without the use of any gold at all, the American silver dollar can be always kept by limitation of quantity at the value of a gold dollar, that is to say, at a relation of exchange for the pound sterling of $4.86\frac{5}{8}$ to 1.

In fine, the monetary attitude of the French may remain expectant for a long time yet. Those of them who desire a gold standard to consist of gold money, doubtless still cling to a vague hope that the chapter of accidents may at some future time make it practicable to establish such a money. A restored free coinage of silver would be an obstacle in the way, and furthermore, they see that a restriction on that coinage does itself accomplish a part of the object they have in view. Such persons will, at all events, strenuously resist a return to the old form of bi-metallism. On the other hand, those in France who prefer that old form, do not seem to be very restive under a new form which admits of a very large use of silver. To these influences, tending to keep things as they now are, is to be added the indisposition of large classes in all countries towards any change in the existing state of affairs. To move in either direction is agreeable only to men of decided opinions and of resolute and confident temperaments. It is always disagreeable to the doubtful and halting, and to that still larger number who have not sufficient mental activity, or perhaps capacity, even to vacillate, because vacillation does itself imply the temporary holding of an opinion of some sort. *Potior est conditio defendentis*. That maxim loses none of its truth by a transfer from the judicial to the parliamentary forum. The advantage of position is there also, always on the defensive side, and the enactment of laws to alter what exists is not deter-

mined by a count of strength between the supporters and opponents of what exists, but requires an absolute majority of the whole body of the legislators, including those who have no distinct views of any kind.

Since the coinage of silver was restricted in 1874 and absolutely suspended in 1876, nothing has occurred in affairs external to France, to induce that country to quit its expectant position. The avowed ground of the French policy of 1874 and 1876 was to await the effect of the sale of the German silver, although, without doubt, there was also an unwillingness growing out of national animosity and not avowed, to facilitate that operation. Of the German silver not less than \$100,000,000 is still unsold, and it is as uncertain to-day as it was in May, 1879, when the silver sales were suspended, what the ultimate policy of Germany may be. The majority of the German Parliament express their preference for a complete remonetization of silver, but upon conditions in respect to the consent of other nations, and especially of England, which leave to that preference very little immediate practical importance. So far they have done nothing, except to support Bismarck in the policy of suspending sales of silver, and to resist and stave off the project of reducing the quantity of full-tender silver coins, by using them as a material for the manufacture of an increased number of subsidiary coins. The London *Economist*, strangely enough, says of the situation, that Germany is waiting to see what the Latin Union will do. The obvious fact is precisely the reverse of that, and if the Latin Union ever had any reason for deferring its own final action until the *denouement* of the German movement, the reason still remains good and will continue to remain good, for nobody knows how long a period yet.

The situation in the United States does not favor a present movement in France upon the silver coinage in either direction.

With a ratio of the American mint of 16 of silver for 1 of gold, while the French mint ratio is $15\frac{1}{2}$ to 1, the effect of a free coinage of silver in both countries would be an exchange of all the American coined silver for French gold. The negotiation of a treaty, making the ratio the same in France and the United States, will probably be practicable whenever France becomes ready to coin silver without limitation; but it is quite plain that until such a treaty is actually agreed upon and ratified, the repugnance of the French to a transfer of their gold to America will keep their mint closed to the further coinage of silver. And this repugnance will be equally effective whether it is, or is not, based upon any sound reasons.

On the other hand, the position of affairs here offers no

facilities for a demonetization of the existing French silver coinage, either in the way of furnishing a market for silver or a supply of gold. The silver demand of the American mint, ranging by law from two to four millions per month, will be fully supplied by the American mines, and has thus far been actually less than that supply. There is no market here for silver from France or any other country, and we are rather exporters than importers of that metal. As to gold, the annual production of it in the world is now hardly sufficient for the consumption in the arts and the waste of coinage, and must become distinctly insufficient if the yield of the mines continues to decline, while population, wealth and exchanges are augmenting. The export of the current American production can, at the most, only supply a current demand without leaving a surplus for accumulations anywhere. There may be an additional export of a certain quantity of gold displaced and made disposable by the coining of silver, but that must, at all events, be at a very slow and gradual rate under existing laws. It is, in fact, very doubtful whether the largest supposable new supply to the world, from that source, will do more than arrest the decline in the proportion between the world's stock of gold and the demands of it.

It is not easy to foresee the effect upon Europeans of a continuation for (say) ten years longer of the present policy of France. It will, of course, familiarize them with the fact of the practicability of maintaining silver, although it may be a large proportion of the metallic money of a country, always at a gold valuation. Whether the French example will be followed in any country now using only gold, will depend upon the relative strength of opposing opinions and interests as to a contraction or expansion of the volume of money, upon the future out-turn of the mines, which is always an uncertain problem, and upon the constantly changing aspects of social, political and commercial affairs.

GEO. M. WESTON.

August 23, 1880.

EXPRESS COMPANIES.—In one of several suits in the United States Circuit Court, recently brought by the Adams and the Southern Express Companies against certain Southern railroad corporations, it was stated that these two companies cover 51,200 miles of railroad, employ 4,300 persons, and make 900 daily trips over 64,500 miles, aggregating nearly 20,000,000 miles of travel annually. For the transportation of their freight, they pay the railroad companies over \$2,000,000 a year. In New York City, the Adams Express Company receives and delivers an average of 14,000 packages daily, and uses 918 horses. The invested capital of all the express companies in the United States exceeds \$30,000,000. The express business has grown to these enormous proportions in about forty-nine years.

FINANCIAL QUACKERIES.

Of absurdities there is no end, and that is at least as true in finance as in anything else. Among the latest efforts in that line which has attracted our attention, is a proposition of Claremont J. Daniell, who is described as "Judge of the principal court in Moradabad, India." He may be a very excellent administrator of justice in that remote corner of the globe, but his notions of the power of governments to fix the value of money are of a very extraordinary kind.

A contemporary describes his scheme of a money for India in this wise: "His proposition is that the Government of India should coin a gold coin exactly the counterpart of the English £ 1 sterling and circulate it along with the rupee, the two coins working together by declaring from time to time the actual ratio of value at which gold might be good to purchase silver and *vice versa*."

This corresponds with the following, which is Judge Daniell's own language, in a pamphlet which he has published for the enlightenment of mankind: "I argue that if the Government correctly determine the intrinsic ratio of value existing between the two metals, and make that ratio the legal rate of exchange, one class of coin can never be undervalued in the other."

Without doubt, it is competent for the India Government to strike a gold coin of the weight and purity of an English sovereign, and to declare that such a coin shall be accepted in payment of debts as the equivalent of ten rupees, or such other number of rupees as may be considered to be more just and expedient. But if such a coin is issued for (say) ten rupees in the payment of debts, the India Government has neither the right, nor the practical power, to compel anybody to give ten silver rupees for it. The idea of "a legal rate of exchange" between two kinds of money, is as preposterous and impossible, as that of "a legal rate of exchange" between different kinds of commodities. The market is free, whatever governments may undertake to do. Bargains require the concurring assent of a seller and a buyer. In former and less enlightened times, it was common for legislators everywhere, as it still is in semi-civilized countries, to fix the maximum price of certain commodities, but if it was fixed too low, holders simply refused to sell at all. This new Indian philosopher will find that his system of currency will work in the same way, if he succeeds in getting it established. If the new gold coins are each worth eleven silver rupees in the market, the

holders will have none to sell, if the fixed legal price is only ten rupees.

One advantage which Daniell sees in his plan is the following: "No one will fear to hold silver, because he will always be sure of getting his full value for it in gold, or in goods priced by the gold standard."

But there never was a time or place, and never will or can be, in which silver could fail to command its full market value in gold, or in goods. The gold value of silver is never anything else than the amount of gold a given weight of silver will sell for. And the value of silver in goods is the quantity and quality of goods which a given weight of silver can purchase.

The fundamental fallacy of such theorists as Daniell, is, that governments have any proper concern with the value of money. No government at all enlightened ever meddles with that at all, and never presumes to dictate, or guarantee any particular value for it. The British Government strikes a gold coin, called a sovereign, which it declares to be a pound sterling, and it ordains that whoever has contracted to pay fifty, or one hundred pounds, may discharge his contract by delivering fifty or one hundred of these coins. But their value, which is their purchasing power, is constantly fluctuating. Sometimes eight sovereigns will buy a quarter of wheat, and at other times sixteen sovereigns will purchase no more. Even such an article as iron, not dependent for its supply upon the seasons, will command more than twice as many sovereigns for the same weight at one time as at another.

Daniell proposes in India to change all this, and to decree from time to time "a legal rate of exchange" between silver and gold coins, and also, as we understand him, "a legal rate of exchange" between silver coins and "goods priced by the gold standard."

The use of the two metals in the coinage has existed in France since 1803. The French are an able, well-instructed and ingenious people, but they never conceived of such a thing as "a legal rate of exchange" between silver and gold coins, or between silver and anything else. The markets are all free in that country. The owner of one hundred silver francs may, if he chooses, refuse to sell them for less than two hundred gold francs. If he is the owner of goods for which his price is one hundred francs in gold, he may put upon the same goods the price of one hundred and twenty francs if paid in silver francs. All that the French law does, is to prescribe that contracts to deliver francs may be performed by the delivery of gold or silver francs indifferently. And especially, it never undertakes to declare, or guarantee, what the value of a franc will be. It determines what a franc *is*, and not at all what it is or may hereafter *be worth*. It defines a certain weight

of silver, or a certain weight of gold, fashioned in a particular manner at the mints, to be a franc, but it leaves the value of a franc to be determined from time to time, and to fluctuate from time to time, as the general range of prices fluctuates.

It is another part of Daniell's scheme, that after the India Government has struck a gold coin of the weight and purity of an English sovereign, and has once fixed the number of rupees for which such a coin shall be a legal tender, it shall remain always a legal tender at that rating, but that the legal-tender power of the silver rupee shall be varied hereafter by executive proclamations from time to time, according to the actual future variations in the relative market valuation of the two metals. There is nothing impossible of execution in that part of his scheme, inasmuch as governments have control, both of right and as a matter of fact, over the question of legal tender. Changes in the relative mint valuation of the metals, although not occurring frequently in the history of nations are, nevertheless, by no means unknown. Two such changes have been made in this country since the present government went into operation in 1789. But a mere power to make such changes, vested in a legislative body, is a very different thing from a duty enjoined upon the executive to make such changes at every fluctuation in market values. Legislators have a discretion, in the exercise of which they may decide that an existing fluctuation is merely a temporary one, and that the best thing to be done is to let it run its course.

INDIAN FINANCES.

It is now commonly believed that the cost to India of the Afghan war, even if the invading troops are finally withdrawn this year from Afghanistan, will not be less than \$75,000,000, and without including the cost, estimated at about \$20,000,000, of the military railroads from the Indus to Afghanistan, which are not believed to have any commercial value. Under these circumstances, some contribution by Great Britain becomes unavoidable, and the Gladstone Cabinet has decided that it shall be made. The London *Economist*, of July 17, said :

“ Lord Hartington has made the satisfactory announcement that the Government intend to make a “*solid and substantial*” contribution out of the Imperial Revenue to the cost of the Afghan war. As to the amount and form of the contribution, he very properly refrained from saying any thing, until he has had an opportunity of more accurately ascertaining

the general financial position of India ; but he indicated that one form of relief would be a diminution in the amount of the drawings of the Indian Government. Next year, also, they will be reduced by the amount of the payment made by this country to the war expenditure, obviously to the relief of the silver market."

This effect of the Indian Council drawing upon the silver market is assumed by all English writers to be an "obvious" and indisputable thing. On the other hand, we believe it to be the sheerest delusion. The use of silver in India in plate, ornaments, etc., is determined by the prosperity of its people, and by nothing else. And as to the flow of silver thither for money purposes, that is determined by the prices of India relatively to the prices of countries with which it deals, and by nothing else. If the merchandise exports from India remain the same, the effect of diminishing the amount of Council drawings will be merely to augment the merchandise imports of India.

The debt of India, March 31, being the end of the fiscal year 1879-80, is stated as follows:—Sterling debt, payable in England, £70,855,556; Rupee debt, payable in India, £82,707,570.

In the last item, the rupee debt is stated in sterling money, the conversion being made at the old official rate of ten rupees to the pound, the actual market rate being now twelve rupees to the pound. There is not included in it the loan of 31,300,000 rupees recently taken in Paris.

The first item includes the £2,000,000 loaned by the British Government without interest, and the principal of which will probably be remitted. It also includes the sterling loans negotiated for the purchase of the East Indian Railway.

Neither item includes the obligations of the Indian Government to guarantee certain rates of dividend upon private capital invested in railroads. These obligations are very serious in amount.

The present determination is, that India shall make no more sterling loans, and the success of its last rupee loan must tend to confirm that determination. But under the pressure of the new and great difficulties in Afghanistan, it is not quite safe to predict the future financial operations of India. The loans made in rupees are not expressed to be payable in coined rupees, and may, therefore, be discharged, in an emergency, in paper rupees, just as English sterling loans and French loans in francs have always been paid in paper pounds and paper francs, whenever England and France have suspended specie payments.

BI-METALLISM IN GERMANY.

In respect to silver matters in Germany, we notice the two following telegrams :

"BERLIN, August 14.—Considerable stir has been excited here in political and financial circles, by the publication of the first of a series of articles by Herr Dechend, President of the Imperial Bank, against the present gold-standard monetary system of Germany. President Dechend says, substantially, that the existing financial depression of the country can only be relieved by a return to the bi-metallic system in the remonetization of silver. He alludes to the prosperous condition of France and of the United States as examples of the wisdom of this course. He urges that Germany needs additional currency to develop her domestic resources and quicken the depressed industries of the country. This theory is receiving fresh adherents among the best financial minds, and it is regarded as more than probable that a bill will be introduced and carried through at the next session of the Reichstag providing for a return to the bi-metallic system."

"LONDON, August 16.—The *Post's* Berlin correspondent says it is expected that at the next session of the Reichstag, the entire question of the currency will be re-opened, for despite the semi-official contradictions, the agitation against an exclusive gold currency is daily gaining ground. In Government circles it is said Prince Bismarck favors the re-adoption of silver as a legal tender. The President of the Imperial Bank has, in a remarkable treatise, exposed the mistakes made in abolishing the silver standard."

Of a different complexion is an article in *L'Economiste Francais* of August 7, a translation of which we annex. It should be noted that its editor is Beaulieu, a son-in-law of the late M. Chevalier, and a strong partisan of his mono-metallic theories. The financial journal in Paris which he criticises is doubtless the *Bourse*. Judge Kelley will be amused at finding himself described as the business agent of the Nevada miners.

[From *L'Economiste Francais*.]

"Bi-metallism in Germany is the title of an article published some days since in a Paris financial journal. The author of it, who is evidently a zealous partisan of a double standard, exerts himself to show that things have recently made great progress in Germany in the direction which he desires. There is, nevertheless, nothing in it, and to those who see events in their true light, it can hardly be necessary to contradict the writer. The facts which he has grouped are a mere mixture of what is true with what is false, and what is new with what is old.

"And first of all, this is the place to express astonishment that the writer of this article, in giving an account of the situation, passes over in silence the most recent and most decisive of all the facts. All other journals have reproduced the decision of the Federal Council, rejecting all petitions for a revision of the existing currency law. A well-informed reporter would certainly not fail to notice that important event.

"It is true that there was a time when the Chancellor [Bismarck] lent his ear to the emissaries of the bi-metallic party. He gave an audience to Mr. Kelley, the business man of the proprietors of the Nevada mines, and at the instance of the Governor of the Bank, M. de Dechend, he ordered a suspension of the sales of silver for Government account; but all this is ancient history. M. de Dechend thought himself safe in promising last year that he could in that way raise silver to its price of ten years ago. But it is precisely the signal failure of that prediction which has shaken the credit of M. de Dechend, who is no doubt an excellent bank administrator, but who is very poorly instructed in economical affairs.

"It is true that the sales of silver have not been resumed. But this is merely because the Chancellor thought that he could still leave in circulation a few hundred millions in silver thalers without affecting the integrity of the standard of the empire, and that, whether wisely or unwisely, he did not consider it his duty to throw upon the Treasury the losses attending silver sales until the necessity for it became urgent. If he was disposed to change the monetary law, we may be sure that he would not have allowed the Federal Council to come to a contrary conclusion. So far as parties in the German Parliament are concerned, it is only the ultramontane center which adheres boldly to the double standard, and they are influenced to that course only by their general hostility to everything which the new empire has done.

"As to the conservatives, they have not settled down upon any opinion on the subject, and even among the most pronounced protectionists there is a goodly number who openly oppose the double standard. That is true of MM. de Varnbuhler and Loewe. What the correspondent of our contemporary writes about the Liberals is destitute of any foundation. An enormous majority, in fact almost the entire body of the National Liberals and Progressists, including the Socialists, is in favor of the *statu quo* of a gold standard. The *Gazette de la Bourse* of Berlin, which affirms the contrary, is a suspicious witness, considering that its interests and opinions have always been on the side of the double standard."

CURRENT EVENTS AND COMMENTS.

FOREIGN COMMERCE OF THE UNITED STATES IN JUNE.

The excess of exports of merchandise, stated in specie values was as follows: Month ended June 30, 1880, \$11,823,681; month ended June 30, 1879, \$6,204,630. The excess of imports or of exports of gold and silver coin and bullion was as follows: Month ended June 30, 1880, excess of imports, \$177,860; month ended June 30, 1879, excess of exports, \$1,462,289. The imports of the month at the various customs districts amounted to \$60,445,382, of which \$40,562,825 were received at New York. The domestic exports were \$71,050,368, of which \$41,149,704 were from New York.

REVENUE FROM TOBACCO, SPIRITS, ETC.

The Internal Revenue Bureau has prepared a comparative statement showing the receipts from the several specific sources of revenue during the fiscal years ending June 30, 1879 and 1880. Owing to the reduction from 24 to 16 cents per pound on manufactured tobacco the receipts from this source fell off \$3,534,150.32, from \$17,961,767.10 in 1879 to \$14,427,616.87 in 1880. Owing to the abolition of the 32 cents rate of tax on snuff and the establishment of the uniform rate of 16 cents per pound the receipts from this source decreased \$267,329.11. The heaviest increase under the tobacco division was from cigars and cheroots, \$2,091,412.67. The total revenue in 1880 from tobacco in all shapes, cigars, snuff, &c., was \$38,870,140.08, as against \$40,135,002.65 in 1879, showing a decrease from these sources of \$1,264,862.57. The total revenue from spirits in 1880 was \$61,185,508.79, against \$52,570,284.69 in 1879, an increase of \$8,615,224.10, the main item of the increase being from distilled spirits taxed at 90 cents per gallon, \$8,174,399.49. The revenue from retail liquor dealers licenses (\$25) also shows an increase over 1879 of \$269,247.61. On fermented liquors there was an increase of revenue in 1880 of \$2,100,486.12. From the sale of stamps of all descriptions in 1880 there was derived a total revenue of \$7,668,394.22, an increase over 1879 of \$962,010.16. The total receipts of the Department from all sources for the fiscal year ending June 30, 1880, were \$123,981,919.46, against \$113,449,621.38 in 1879, showing a total increase from internal revenue of \$10,532,298.08.

NEW YORK MINING LAW.

The *New York Journal of Commerce* says: "All mines of gold and silver, and with certain qualifications other mines also, though discovered upon private property in this State, belong to the State and not to the landowner. The discoverer of any gold or silver mine, however, has the privilege of working it for twenty-one years and taking the entire product. If the landowner refuses his consent to enter upon and break up his land for the purpose of mining the ore, commissioners will be appointed by the Supreme Court to assess damages for such use of the land.

A NORTH-WESTERN CANAL.

Mr. George R. Stuntz, as one of the committee appointed by the Chamber of Commerce, at Duluth, Minn., made a report in February, 1880, on the project for a canal from Duluth to Mississippi, and thence across the summit to Red Lake, and the navigable water of the Red River of the North. Mr. Stuntz went over the route on a reconnoissance without instruments, and made an estimate of the length of canal required, and the distance of slack water and lake navigation. Of canal the whole number of miles is thirty-seven; of river and lake channel 345—total length, 382 miles. The number of locks is 111, of dams, fifty-six, and Mr. Stuntz estimated the cost at \$3,791,950. The Buffalo Board of Trade in March last passed strong resolutions asking Congress to appropriate \$30,000 for the survey of the route. It will connect 5,000 miles of lake and canal navigation, terminating at New York and Quebec, with 5,000 miles more, including the waters of the Red River of the North, Lake Winnepeg, and the Saskatchewan.

IRON MANUFACTURE ON THE PACIFIC COAST.

The first iron blast furnace in California is now in course of construction at Clipper Gap iron mountain, on the Central Pacific Railroad, 182 miles east of San Francisco. At this point there is an abundance of hematite and magnetic ores, and an almost inexhaustible supply of wood fuel and limestone convenient for flux. Including all contingencies it is estimated that \$12 will cover the cost of pig metal worth \$30 at least.

CHICAGO CONSUMPTION OF HARD WOODS.

The *Lumberman* has taken considerable pains to arrive at a correct estimate of the extent of the hardwood trade of the city, and finds that it far exceeds any figures which have hitherto been attributed to it, and will aggregate not far from 200,000,000 feet. The figures will no doubt surprise many, who, while aware that the manufacturing industries of Chicago are of an extended nature, had yet formed no adequate opinion of their real extent. It is divided about as follows:

Yards dealing in hardwoods—per season.....	feet	70,000,000
Manufacture of agricultural implements.....	"	30,000,000
Furniture manufactures.....	"	45,000,000
Wagon manufactures.....	"	30,000,000
Miscellaneous manufactures.....	"	25,000,000
Total yearly trade in hardwood.....	"	200,000,000

Of this amount but a trifling portion enters into the figures of lumber shipment, as it is shipped under the classification of agricultural implements, furniture, wagons, etc.

ILLINOIS.

The *Chicago Tribune* says: "Illinois has been subject to an enormous drain since 1870. Her farmers have flocked into Kansas, Nebraska, Iowa, Minnesota, and Dakota, by tens of thousands. Many have gone to Colorado and Texas. A few years ago—from 1870 to 1876—Illinoisans poured into Missouri in large numbers. Many have scattered over the plains. The Pacific Coast States are full of Illinoisans, and in all the territories they are found everywhere. It would be a low estimate to put the loss of population since 1870 at half a million. We think the rush is over. Many are still going, but a considerable number are returning. Farming beyond the 99th degree of longitude has proved to be unpopular. A loss of two

crops out of three doesn't tend to make men rich or contented. Our people are beginning to find out that they can do better at farming in Illinois, even on shares, than in Western Kansas, or Western Nebraska, or Western Texas, or anywhere west of the 99th degree of longitude, and they have ascertained that but comparatively little good land east of that line remains to be pre-empted under the Homestead law. The untaken good land mostly belongs to the railroad companies, who exact for it the highest prices they can squeeze out of settlers and purchasers. The "rush to the West" is about over for the reasons given, and nearly as many discouraged and unsuccessful families will return to this State as hopeful ones will leave it to try their luck with drought-burned and grasshopper-bitten lands.

MULES.

The British *Mercantile Gazette*, of July 16th, says: "The experiment of using mules in the place of horses in the London omnibuses and tramcars has so far proved a successful one, so much so that the General Omnibus Company will, it is said, before long commence to use them. They are not really more restive than horses, though unquestionably more stubborn; but they are more hardy, can be kept in good condition on less food, are quite as strong, and last longer. Those now in use in London are imported chiefly from Spain.

"In India their use in the transport service has very much increased, especially during this Afghan campaign, and the Indian Government is now endeavoring by every means in its power to encourage mule-breeding in the country.

"George Washington introduced them into America, that is for general use for farm purposes. When it was known that mules were a hobby of his, and his great wish was to see them introduced into his country, the King of Spain made him a present of a jack and two jennets from the royal stables, and Lafayette sent him a similar present from Malta, and from the produce of these well-bred animals an improved class of mule was gradually spread over the country. It is said that even now in Virginia, though this was seventy and more years ago, mules are to be found which reckon their parentage back to the two first jacks introduced of pure breeds, *i. e.*, "Royal Gift," the King Spain's present, and "Knight of Malta," Lafayette's. Great benefits have arisen from the spread of these animals over the Southern States, the farmers now having them in general use. If mules can be bred in England there is no reason why their use for farm purposes should not spread here also."

IRISH LABOR IN ENGLAND.

In the report of a discussion in the British House of Lords, June 21, upon drainage and other public works in Ireland, we find the following: "Lord Oranmore and Browne wished to point out that it was impossible at this time of year to carry on any of these works, as all the able-bodied men were in England. Many drains would remain unfinished until after the harvest."

Without doubt, this language of Lord Oranmore exaggerates the fact. A good many able-bodied men will be found in Ireland at all seasons of the year, but that enormous numbers of them go to England and Scotland in harvest time is well known. Their earnings there are not large, and the expense of the journey to and fro reduces them to a pittance, but that is better than nothing, and it is for many of them the sole cash resource for paying their rents.

WESTERN FLAX CULTURE.

The *Chicago Tribune* remarks: "All the reports show that the present crop of flax is immense—the largest ever raised in this country. The cultivation of flax seed has grown very fast in the past few years, though the increased acreage this season is due largely to the prices that were obtained last. The crushers will probably not find it necessary to loan seed to the farmers next spring to encourage flax culture, and it is doubtful if they will care to do so again anyway and bind the farmers to deliver the new seed to them at a fixed price. The fixed price was not on the right side of the fence this year."

IRON FROM GREAT BRITAIN.

The exports of iron of various kinds from Great Britain to the United States during the past six months, as compared with the first half of 1879, are shown by the following table, values only being given:

	1879.	1880.
Pig	£ 97,918	£ 1,784,446
Bar, angle, bolt and rod	14,337	389,075
Railroad of all sorts	45,420	914,906
Hoops, sheets and boiler	14,047	301,430
Tin plates	1,196,398	1,881,810
Cast or wrought	34,102	62,316
Old, for manufacture	34,966	854,960
Steel, unwrought	89,954	352,820
Total	£ 1,526,142	£ 6,541,763

The increase is rather more than 300 per cent., and the total value for half this year has been nearly thirty-three million dollars. The value of the iron sent out from Great Britain to the United States was slightly in excess of the value of all the wheat imported during the same time from Atlantic ports of the United States, which was £ 6,392,122.

All the above figures are reported by the British custom houses, where imports are valued at the place of landing, and therefore include freight and profits. For the wheat landed during the six months, something less, of course, was paid in this country.

It is also probable that, in consequence of the great fall in iron during the latter part of the six months, British exporters did not realize quite the prices at which the iron and steel sent here were manifested.

LOSS OF GRAIN-CARRYING SHIPS.

A return published in London in connection with the bill introduced by Mr. Plimsoll, before quitting Parliament, for the better security of vessels with grain cargoes, shows that between the years 1873 and 1880, twenty-six steamships laden wholly or partly with grain, foundered at sea, and twenty-four were reported as missing, and during the same period one hundred grain-laden sailing vessels foundered, and one hundred and eleven were reported as missing.

MANUFACTURES IN RUSSIA.

A recent report from the German Consul-General at Moscow gives some information concerning the manufacturing industries of Russia. There are about 15,000 factories in the empire, producing goods to the value of 500,000,000 roubles (\$ 325,000,000) a year. At Moscow the wholesale trade is almost entirely in the hands of Germans—that is, either Russian subjects of German origin or subjects of the German Empire. Among the manufacturers, on the other hand, the Russian element predominates.

GOLD IN RUSSIA.

The *Journal des Economistes*, for July, reprints from the *Russische Revue* a table of the production of gold in Russia from 1814 to 1877, both inclusive. The quantities are given in *pounds*, a measure of weight equal to thirty-six pounds avoirdupois. The largest production was in 1877, when it was 2,502 *pounds*, of the value of about \$24,500,000. The production is supposed to have increased, rather than diminished, since 1877.

Russian gold production first reached as much as 100 *pounds* in 1823, when it was 105. It first reached as much as 500 *pounds* in 1840, when it was 557. It first reached as much 1,000 *pounds* in 1843, when it was 1,241. It first reached as much as 2,000 *pounds* in 1869, when it was 2,028. In 1871 it reached 2,400 *pounds*, from which figure it fell off until 1877.

POPULATION OF INDIA AND CHINA.

In a debate, a few weeks since, in the British House of Lords, in respect to the appointment of Lord Ripon as Viceroy of India, Earl Granville, Secretary of Foreign Affairs, said: "The noble lord inaccurately stated the population of India to be 200,000,000. I think the population by the last census is more like 300,000,000."

W. Nassau Lee, in his excellent book, *Drain of Silver to the East*, written at Calcutta, in 1863, estimated the population of India at that time at 180,000,000, but subsequent enumerations proved this estimate to be too low. In a statement made to the British Parliament in 1873, the Secretary of State for India fixed the area at 1,576,746 square miles; the population of British India proper at 190,895,548; and the population of the (so called) native States, under British control, at 46,245,883; making a total of 237,141,431.

These enlargements of the estimates of the Indian population tend to create an impression that as between the larger and smaller statements of the Chinese population, the probabilities incline in favor of the former. In his elaborate speech of 1879 upon the Chinese question, Senator John P. Jones noted the fact that the statisticians of Russia, who may be presumed to know most about China, rate its population (including the dependencies of the empire) as approximating 500,000,000.

CHILIAN FINANCES AND COMMERCE.

In his message of June 1, President Anibal Pinto of Chili refers as follows to the financial and commercial condition of that republic:

"The ordinary consequences of war have made themselves but slightly felt hitherto among us. With the war a notable improvement of all trade has been developed, due to bountiful crops of the last two years, to the improvement in the prices of copper and nitrate, and more than all to the beneficial effect of that economy which had been practiced by this Government during the preceding years of commercial distress. Money is more abundant than at the outbreak of the war; the rate of interest has declined; a general advance of values is observed, while activity prevails in all business. The business of the country for the past year amounts to \$59,360,226. Of this \$36,620,226 was for exports, and \$22,740,000 for imports; balance in favor of exports, \$13,880,226. The exports for the past year, as compared with 1878 show an increase of \$6,892,401, while the imports have decreased \$2,582,011. The value of agricultural products exported amounts to \$12,811,570, which is \$4,138,009 in excess of the previous year. The mineral products amount to \$20,280,528, an increase of \$2,754,392 over 1878.

THE LAW OF BANK CHECKS.

RIGHT OF ACTION AGAINST A BANK BY THE HOLDER OF AN UNACCEPTED CHECK.

INDIANA SUPREME COURT.

National Bank of Rockville, Appellant, v. Second National Bank of La Fayette.

The holder of a bank check which has not been accepted has no right of action against the bank on which it is drawn for a refusal to pay, although the drawee had at the time of its presentation sufficient funds on deposit to pay the check.

Action on a bank check. Judgment below on verdict in favor of defendant, and plaintiff appealed. Sufficient facts appear in the opinion.

BIDDLE, C. J. Complainant in three paragraphs, by the appellant against the appellee, on a bank check. A. T. Colton is the maker of the check, the appellant is the payee, and the appellee is the drawee. Demurrer, for want of facts, sustained to the first and third paragraphs of the complaint. Answer of general denial to the second paragraph. Trial by jury, and special verdict for appellee. Motion for a *venire de novo* overruled. Motion for a new trial overruled. Motion in arrest of judgment overruled. Exceptions, judgment and appeal.

We need not particularly state either the first or third paragraph of the complaint. Each sets out the check, and its presentation for payment by the payee. There is no averment of its acceptance by the drawee in either paragraph; indeed, each paragraph avers that the drawee refused to accept the check. In other respects, these two paragraphs are not well pleaded. Breach, non-payment of the check. A bank check has all the requisites of a bill of exchange, except that it is due on demand, without days of grace, and if dishonored, requiring no protest for non-acceptance, nor for non-payment. There is no implied contract in favor of the payee against the drawee, that he will either accept or pay the check. The drawee is no party to the check until he accepts it, and a party cannot be sued on an express contract before he enters into it. The fact that the drawee has funds in his hands belonging to the drawer sufficient to pay the check, does not change the rule.

The case of *National Bank v. Elliott Bank* is in point. We believe there is no decided case contrary to it; Abbott, J., delivered a long and ingenious dissenting opinion, but we cannot regard it as sound. He places the right of the payee to sue the drawee for non-acceptance or non-payment of the check upon the ground, that when a first party contracts with a second party to pay a sum of money to a third party, the third party, although not a party to the contract, may sue the first party upon the contract and recover. This is true upon express contracts, but there is no implied contract, in such cases, that the first party shall pay the third party, hence the necessity of an express acceptance of the check before the drawee is liable. In the case put as an illustration, the drawee of the check is the first party, the drawer the second, and the payee the third. Now, as there is no implied contract between the drawee and payee, he cannot sue the drawee upon the check until he has accepted it.

There are other convincing reasons in our minds against the rule contended for. If the drawee, having funds, refuses to pay the drawer's check, he becomes liable thereby to the drawer, and the drawer becomes liable to the payee. Now, if in such case the drawee was also liable to the payee, and the payee had his right against both the drawer and the drawee, this complication would take the qualities of commercial paper from the check, and place it upon the ground of a common-law contract; and to apply this principle to foreign and inland bills of exchange, the great movers and upholders of the world's business, would be to embarrass if not destroy their usefulness in civ-

ilization, and impair the commercial faith of mankind. There are no implied contracts on commercial paper, and it must not be embarrassed by secret equities, and that express contracts touching it can be made in any other manner than in writing is the constant regret of the ablest jurists.

These views are fully supported by the following authorities: *Edmonds on Bills of Exchange* 405; *Byles on Bills* 18; *Glenn v. Noble*, 1 Blackf. 104; *St. John v. Homans*, 8 Mo. 382; *Chapman v. White*, 6 N. Y. 412; *Bullard v. Randall*, 1 Gray 605; *Pope v. Luff*, 7 Hill 577; *Griffin v. Kemp*, 46 Ind. 172; *Pollard v. Bowen*, 57 *id.* 232; *Henshaw v. Root*, 60 *id.* 220. Under the authorities we must hold the first and third paragraphs of the complaint insufficient. The appellant relies upon the case of *Wilson v. Dawson*, 52 Ind. 513, but in that case the bank, the depositor, was not a party to the suit; besides, the money was deposited under an express agreement, and for an express purpose. In this case, as the money was deposited with the drawee generally, there is no express contract, and the bank, the depositor, is a party. We can see no analogy between the two cases.

The special verdict returned by the jury upon the second paragraph of the complaint is in the following words:

"The National Bank of Rockville, and the Second National Bank of La Fayette, are National banks, organized under the laws of the United States, the first located at Rockville, in the State of Indiana, and the other at La Fayette, in said State. That on the 14th day of September, 1877, Andrew T. Colton, by the description of A. T. Colton, at the counter of said bank of Rockville, drew a check on the Second National Bank of La Fayette, in the words and figures following, to wit: 'La Fayette, Ind., September 14, 1877. Second National Bank: Pay to J. M. Nichols, Jr., or order, twenty-one and thirty-six in exchange dollars.' Signed 'A. T. Colton.' On the lower left hand margin of the check is the \$2,136 00. That said check has not been indorsed by the said Nichols. That check was mailed by the cashier of the bank of Rockville aforesaid, on Saturday, September 15, 1877, in time for the train going from Rockville to Terre Haute, at half past 11 o'clock A. M., and received by the Second National Bank of La Fayette on Monday, September 17, 1877. That the check was enclosed in a letter which reads as follows: 'National Bank of Rockville, Ind., September 15, 1877. C. T. Mayo, Cashier, La Fayette, Ind. Dear Sir. I enclose for return your twenty-one thirty-six \$2,136. Respectfully, J. L. McCune.'

"That on Saturday, September 15, 1877, A. T. Colton, the drawer of said check, deposited in the Second National Bank of La Fayette, \$3,845, subject to his check as a general depositor, and stated to the cashier of said bank that he had drawn several checks, one of which was to one Rambo, and one to the Bank of Rockville, which last was named as about \$2,000; that one of the checks so drawn had been paid, and at the time of said deposit the account of the said A. T. Colton, at the Second National Bank of La Fayette was overdrawn in the sum of \$480, and two of said checks were in the bank at the time of making said deposit, unpaid; that at the opening of the bank at banking hours, on Tuesday morning, September 18, 1877, there was but \$1,373.03 in said National Bank of La Fayette to the credit of said Colton. That when said check was received by the defendant, on the 17th day of September, 1877, the same was placed in the bank, and on the morning of the 18th the cashier of the defendant took said check and calculated the exchange on the sum of \$2,136 in figures, on the back, at the rate of one and one-half per cent. and placed the same on the canceling fork. Thereupon he was informed by the receiving and paying teller of the bank that the drawer had not sufficient funds on deposit to pay the check; thereupon the cashier immediately took the check from the fork and declined to pay it, and indorsed upon it as follows: 'Cancelled in error; not charged; check not properly drawn.' Caused the check to be protested for non-acceptance. When the check was presented by the notary for acceptance the reason given for non-acceptance was that the check was not in proper form. The check was then returned to the plaintiff, with notice of its non-acceptance, in a letter, as follows: 'J. L. McCune, Cashier, Rockville, Ind. Dear Sir: I return, under protest, A. T. Colton on

us, \$2,136 Pro. fees, \$1.05, refused on account of informality of drawing up the check. Very respectfully, Chas. T. Mayo, Cash'r.' The check sued on was acknowledged by said Colton, also by the plaintiff and defendant, as a check for the amount of twenty-one hundred and thirty-six dollars (\$2,136). If from these facts the Court is of the opinion the plaintiff should recover, then we find for the plaintiff, and assess her damages at \$2,171.60 (twenty-one hundred and seventy-one dollars and sixty cents). If the Court is of opinion that the defendant should recover, then we find for the defendant."

Upon the return of the verdict the plaintiff moved for a *venire de novo*, upon the ground that the verdict did not find on all the issues presented by the pleadings. The Court overruled the motion, and we think properly. The facts found decide the entire controversy. The only issues presented by the second paragraph of the complaint were, the making of the check by the drawer, its presentation for payment to the drawee, and its acceptance, averring the several dates. These averments were denied by the answer. On these issues, except as to the averment of acceptance, the jury find for the plaintiff, with dates, etc. But the plaintiff insists there is no sufficient finding on the issue of acceptance. We think there is. They find that the drawee declined to pay the check, and caused it to be protested for non-acceptance. The protest was unnecessary, yet the fact is found distinctly that the drawee would neither accept nor pay the check. Indeed, it seems to us that the verdict is unnecessarily particular in several respects. As to what is sufficient or insufficient to constitute a special verdict, see the following cases: *Toledo, W. & W. R. Co. v. Hammond*, 33 Ind. 379; *Pea v. Pea*, 35 id. 387; *Hansworth v. Bloodhuff*, 54 id. 487; *Whitworth v. Ballard*, 56 id. 279; *Lock v. Mechanics' National Bank*, 66 id. 353; *Graham v. State*, id. 386.

The amount of the check upon its face is in dispute between the parties. It is contended by the appellant that it is drawn for \$2,136; that the figures in the lower corner of the left-hand margin govern the amount. We are of opinion that in this view the appellant is mistaken. It is true, the amount in the body of a check may be stated in figures, and the check will be valid, if not contradicted in words; but the amount stated in figures, usually at the bottom or top of the left-hand margin, does not control the amount of the check, especially when contradicted by words in the body of the check. These marginal figures are merely for the convenience of reference, and constitute no necessary part of the check. They may be there or not, may differ with the body of the check, or not; it is the same thing. The instrument is perfect without them. *Smith v. Smith*, 1 R. I. 398; 2 *Daniel on Neg. Inst.* 439, § 1,580. Placing the check on the canceling fork by the mistake of the appellee's cashier, and afterward correcting the error, did not amount to an acceptance of the check, nor in any manner affect its validity. *Bellamy v. Majoribanks*, 7 Exch. 389; *Warweck v. Roggers*, 44 Eng. C. L. R. 184.

From the view we have taken of the case it is not necessary for us to decide what amount is expressed in the body and on the face of the check. As the mint dollar is not expressed either by the dollar mark or by a word, nor the fraction cent by a point, as when sums are expressed in figures, perhaps the first number expressed by words might be held to mean dollars, and the second number cents, as amounts of money are thus usually expressed in figures. If so, the check would call for \$21.36. *Northrop v. Sanborn*, 22 Vt. 433. But we do not decide this question, for we think the same result must be reached whether we hold the amount of the check to be \$2,136 or \$21.36. It appears to us that the whole question turns upon the acceptance or non-acceptance of the check by the drawee. As we have held, as a principle of law, that the drawee is not liable unless the check was accepted, and as the jury have found that it was not accepted, it follows that the appellant cannot recover.

The facts found by the jury in the special verdict are the same in substance, and almost literally, indeed, as those averred in the first and third paragraphs of the complaint. As we have held these paragraphs insufficient in law to constitute a cause of action, it follows, again, that the appellant cannot recover, and we think the following authorities sustain us fully. *Johnson v. Collings*, 1 East. 98; *Levy v. Cavanagh*, 2 Bos 100; *Dykers v. Leather Manufacturers'*

Bank, 11 Pai. 612; *Bullard v. Randall*, 1 Gray, 605; *Luff v. Pope*, 5 Hill. 413; S. C., 7 *id.* 577.

Certain instructions to the jury were asked by the appellant, and refused by the Court. We need not set them out. The rulings on the demurrers to the first and third paragraphs of complaint sufficiently show that, in our opinion, they were properly refused, even if it were necessary to give any instructions when the jury are required to find a special verdict. They were to the effect that the payee could recover against the drawee upon the check, although he had not accepted it.

The evidence supports the verdict. The judgment is affirmed, at the cost of the appellant. [Decision rendered May 26, 1880.]

LEGAL MISCELLANY.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

ALTERATION OF NOTE.—A novel case of alteration of a note arose in *Leonard v. Phillips*, 39 Mich. 182. The note was payable in less than two years, and it was held that the addition of the word "annually" after "interest" did not avoid it. Marston, J., said: "If, with this word added, we give it a literal construction, as claimed, and say that at the expiration of the first year interest thereon would be due and payable, interest for the remaining portion of the time for which the note was to run before becoming due would not be payable until the expiration of the second year, so that the second installment of interest would not become due at the time the principal did, but some months thereafter. So the note being payable on or before October 15th, had it been paid within the first year, the accrued interest could not have been collected until one year from the time the note was given. Such, we think, is not the proper construction to be given to it, and could not have been so intended by the party who added this word to the note. The proper construction to give the note as thus changed is as though it had been made to read ten per cent. per annum." Graves, J., and Campbell, C. J., concurred. Cooley, J., concurring, said: "When commercial paper is payable with annual interest, the expression means with interest at the end of the year. If the paper is to mature in less than two years, the expression is a very unsuitable one to apply, and as has been shown by my brother Marston, if construed strictly, the interest for the fraction of the second year would not be payable when the principal is payable, but at the end of the year. I am inclined to think that in a note to run less than two years, the words specifying the rate of interest to be paid annually must be understood as naming only the rate to be paid for the yearly period, and not as requiring an installment to be paid when the first year was completed." Graves, J., concurring, referred to the fact that another note is suit between the same parties at about the same time "was framed so as to provide in terms that the interest should not only be ten per cent., but at that rate per annum. Hence that instrument was shaped so as to contain a literal statement that the rate was by the year and not by a different period." This fact, notwithstanding its "unimportance upon the legal effect of the paper," "is one which helps to show that the word 'annually' was added in the same note for the same purpose, and not to prescribe yearly payments."

NEGOTIABLE INSTRUMENT—PRESENTMENT AND NOTICE BY A DISQUALIFIED NOTARY—EVIDENCE—PROTEST OF PROMISSORY NOTE UNNECESSARY.—When in an action against an indorser upon a promissory note it was shown that the notary who presented and protested the note was disqualified from holding the office of notary, *held*, that he was authorized as an individual to present the note for payment and give the proper notice, and the fact that he had done so could be shown by his testimony as a witness. Whether the notary was competent to act as a notary or not, he was certainly not incompetent as a witness. A notarial protest of a promissory note is not necessary. It

is only important as *prima facie* evidence of demand on the maker, and notice to the indorsers. Here the note was duly presented for payment at the banking house where it was made payable on its face, and payment refused. The notary testified that he had given the defendant notice of non-payment on the day of protest, and that subsequently the defendant admitted its receipt. This was better evidence than the certificate of the same notary under his official seal. Pennsylvania Supreme Court, March 29, 1880. *Falk v. Loe*. Opinion by the Court.

NEGOTIABLE INSTRUMENT—WHAT IS STIPULATION IN PROMISSORY NOTE—NOTICE.—In a note otherwise negotiable, and containing a promise to pay interest at twelve per cent. after maturity, was this stipulation: "If this note is not paid at maturity, the same shall bear twelve per cent. interest from date." *Held*, that these stipulations were tantamount to a promise to pay interest from date until paid, at twelve per cent., with a proviso that if promptly paid at maturity no interest would be exacted; that they did not destroy the negotiability of the paper, nor impart notice to a *bona fide* purchaser for value before maturity, of usury in the inception of the note. The words mentioned do not leave uncertain either the fact, the time, or the amount of payment. Indeed, up to and including the maturity of the notes, they are entirely without force. They become operative only after the notes are dishonored and have ceased to be negotiable, and then there is no uncertainty in the manner or extent of their operation. They create, as it were, a penalty for non-payment at maturity, and a penalty the amount of which is definite, certain and fixed. In this respect, they are even less objectionable than the stipulation concerning attorney fees, which was considered in the case of *Seaton v. Scovill*, 18 Kans. 433, for there the amount was not fixed and named, but the stipulation was for reasonable attorney fees. See, also 1 Daniel on Neg. Insts., §§ 53, 54, 61, 62; *Tholen v. Duffy*, 7 Kans. 410; *Could v. Bishop Hill Co.*, 35 Ill. 325. Kansas Supreme Court, January Term, 1880. *Farker v. Plymell*. Opinion by BREWER, J.

SAVINGS BANK—WHAT IT IS—RIGHTS OF DEPOSITORS—PREFERENCES—INSOLVENCY—SPECIAL DEPOSITS.—A Savings bank, under a special charter, was authorized to receive and invest deposits for the benefit of the depositors, the income or profit to be divided among them, after reasonable deductions for necessary expenses, the principal to be repaid to the depositors at such times and with such interest and under such regulations as the board of managers should from time to time prescribe. Under their regulations they not only received deposits participating in the profits and not payable except on thirty days' notice, but also another kind of deposits (called by them "special deposits") which were not to participate in the profits, and were to be repaid (not redelivered) to the depositors, without any preliminary notice. Both kinds of deposits were intermingled in the funds of the bank, undistinguishably. Under insolvent proceedings, a receiver was appointed. *Held*, (1) that such an institution is a mere trustee for the benefit of the depositors. (2) That a depositor who borrowed money from the bank, secured by his note or mortgage, cannot offset his debt against the amount of his deposit at the time when the decree of insolvency was made. (3) That the so-called "special" depositors are not entitled to priority in payment over the other class of depositors. (4) That debts and expenses contracted by the bank in carrying on its ordinary business are to be preferred. (5) That a claim under a covenant in the lease, for rent accruing after the surrender of the premises to the lessor by the receiver, cannot be maintained. (6) That money paid to the bank in exchange for its check, given for the accommodation of the payee, which was dishonored, presumably went into the funds, and the debt should be preferred. (7) That checks given to depositors on account of deposits are not to be preferred. *Newark Sav. Inst. v. Case*, 1 Stew. 552; *Grant on Banking* 614; *Huntington v. Sav. Bank*, 6 Otto 388; *Corte v. Soc. for Sav.*, 32 Conn. 173; *Bunnell v. Collinsville Sav. Soc.*, 38 id. 203; *Osborn v. Byrne*, 43 id. 155; *Pratt v. Levan*, 1 Miles, 358. New Jersey Court of Chancery, February Term, 1880. *Stockton, Attorney General v. Mechanics & Laborers' Savings Bank*. Opinion by RUNYON, Chancellor.

NOTICE OF PROTEST BY MAIL.

We subjoin a summary of a recent decision rendered by Judge Cobb of the Supreme Court of Nebraska, and concurred in by the other judges, as to what constitutes legal notice to the indorser of a note. The Omaha National Bank sued R. M. Forbes in the Douglas County District Court on a note on which his name appeared as security for George W. Forbes, and obtained judgment, whereupon the defendant appealed to the Supreme Court and secured a reversal. The court says: "The district court found that the said R. M. Forbes was duly notified of such presentment, non-payment and refusal, and that plaintiff would look to him for payment; and that at that time said R. M. Forbes resided about a mile and a quarter outside of the city limits of Omaha, where the said bank did business and the said draft was payable, and where the notary herein-after mentioned resided, and that said Forbes had no regular place of business in said city; that the post-office at which he then obtained his mail was in the city of Omaha, and was the nearest office to his residence, and about three miles therefrom; that on the evening of October 23, 1871, when the note was presented for payment, one William Wallace, a notary public and agent of the plaintiff's bank, deposited in the post-office, at Omaha, notice in due form of the presentment and dishonor of said draft, and that plaintiff would look to him for the payment thereof, directed to said R. M. Forbes at the post-office in Omaha, with the postage thereon paid.

* * * * *

"In the case of *Ireland v. Kipp*, which was twice before the Supreme Court of New York, it was held that where the indorser to be charged resided at Kip's Bay, within the corporate limits of New York City, but outside the compact portion of the City and where the letter carriers did not deliver letters, but had a place of business in Frankfort Street within the compact part of the city, where he had directed the letter carriers to leave all his letters, and the notice of dishonor was put into the postoffice in New York City, directed to the indorser, at his place of business on Frankfort Street, that the same was not a sufficient notice of dishonor to charge the indorser.

* * * * *

"Having carefully examined all of the cases cited by counsel I have failed to find any sufficient reason, or, indeed, any reason for a distinction in this respect between persons residing within the city or village limits and those who, though living outside of such limits, are within the post-office delivery. Had this court the power to change the law it might be worth considering whether it would not be well to provide that all notices might be served through the post-office; but, were any change in that direction contemplated, certainly no one would think of excluding from its operation only those who, from the contiguity of their residence from the post-office, as well as from the nature of their business pursuits, are the most unlikely to be incommoded by such change. Those inhabitants of a city or village who are at all likely to draw or endorse commercial paper generally keep themselves in daily intercourse with the post-office, and when not absent from home would nearly always receive a notice posted to them at their own post-office the same or the next day. But this cannot be said of those who live in the country. They, as a rule, seldom go to the post-office oftener than once a week to receive their weekly newspaper, or less often, as called for by the needs of family correspondence. Persons thus situated would not generally receive a notice of protest through the post-office in time to answer the purpose for which notices are required, to wit, to give the endorser or drawer a fair start with others in pursuit of the property of a defaulting principal. Again, the inhabitants of cities and villages who draw or endorse commercial paper are, as a rule, business men, who do it as a part of their regular business, and carefully note and watch the dates of the

maturity of such paper, and whether or not it is duly honored. While many farmers and other inhabitants of the country are in the habit of becoming accommodation indorsers for business men, they keep no dates, but rely confidently on their principals to protect their paper. To such, a prompt and certain notice of dishonor often may save them from ruin.

"It is true that the rule is well settled that where the person entitled to notice resides far away from the place of dishonor, that his place of residence is nearer to another post-office, or where he habitually resorts to another post-office for mail matter, then notice may be sent him by mail. This arises from the nature and necessities of the case; and, besides, it is a fair presumption, where a person draws or endorses commercial paper payable at a distant bank or place, that he thereby impliedly agrees to receive notice of its dishonor through the post-office—the usual channel of communication between distant points. But not so an indorser of paper payable at a bank situated within his own post-office delivery."

THE TRADE OF THE WORLD.

The annual report upon our commercial relations with foreign countries for 1879, which has just been published in pamphlet form, is accompanied by a letter from the Secretary of State. This letter gives a complete statement of the world's trade and the share of the United States therein, based upon the reports of our consuls and upon the official reports of the several countries. Secretary Evarts has grouped the world's trade under continental headings, as follows: Africa, America, Asia, Australia and Europe. Not only is the total trade of each continent given herein, but details concerning the trade of each country, colony and island of each continent are also given, with comparisons of the trade of England, France and the United States with each, and extracts from consular reports showing the state of American trade in the several countries, and how to introduce, increase and enlarge the same therein. According to the Secretary's showing, the trade of the several continents and our share therein was as follows:

AFRICA.—Total imports, \$169,449,000; total exports, \$187,383,000; imports from England, \$59,803,000; exports to England, \$74,965,000; imports from France, \$46,060,000; exports to France, \$53,072,000; imports from the United States, \$4,356,000; exports to the United States, \$2,034,000.

Secretary Evarts says that there is no reason why the United States cannot treble its trade with Africa, especially with that portion of the continent from Cape Verde, on the west coast, around by Senegambia, Upper and Lower Guinea, Cape of Good Hope, Natal, Mozambique, Zanzibar, Madagascar, and Mauritius to Cape Gardafui, on the east coast—a division wherein lies almost our total present trade with Africa, and in which our products and manufactures are highly appreciated.

AMERICA.—The total trade of the American Continent—the United States not included—is given as follows: Total imports, \$502,300,000; total exports, \$570,000,000; imports from England, the United States not included, \$140,135,000; exports to England, the United States not included, \$176,900,000; imports from France, the United States not included, \$60,550,000; exports to France, the United States not included, \$61,100,000; imports from the United States, \$93,152,000; exports to the United States, \$176,150,000.

It will thus be seen that while England sells to the several countries and colonies on this continent once and a half as much as the sales of the United States thereto, we purchase as much as England therefrom. Our trade with South America is, however, very encouraging, our only drawback being the lack of direct American steam communication, while the entire continent is girdled by the magnificent steam fleets of England and France.

ASIA.—The total commerce of Asia is as follows: Total imports of Asia, \$571,500,000; total exports, \$654,000,000; imports from England,

\$212,600,000; exports to England, 235,400,000; imports from the United States, \$12,520,000; exports to the United States, \$42,184,000; imports from France, \$5,247,000; exports to France, \$52,033,000.

AUSTRALASIA.—Total imports, \$245,623,000; total exports, \$214,808,000; imports from England, \$95,125,000; exports to England, \$104,616,000; imports from France, \$1,500,000; exports to France, \$588,000; imports from the United States, \$6,800,000; exports to the United States, \$1,185,000.

EUROPE.—Total imports, \$5,395,667,000; total exports, \$4,408,682,000; imports from England, \$556,554,000; exports to England, \$716,447,000; imports from France, \$420,984,000; exports to France, \$526,582,000; imports from the United States, \$708,089,000; exports to the United States, \$255,144,000.

COTTON SEED AND ITS PRODUCTS.

The manufacture of cotton-seed oil has attained considerable proportions only since the war. It has, however, been undertaken as a business since 1854; indeed, the first attempts to recover the oil from the seed were made as far back as 1834; but the war intervened before the industry had attained any headway. It has, however, grown rapidly in importance. For some years after the war, as well as during the whole time before it, the use to which the oil was put was the adulteration of more costly oils. But a few years after the war a general decline in the prices of other oils put a stop to the demand for cotton-seed oil as an adulterant. This led to the finding of other and more permanent uses for the product, and ultimately brought it into use largely as a substitute for other oils, instead of an adulterant of them.

In the Mediterranean countries, its chief market, it is largely used by the poorer classes as an article of food instead of olive oil; indeed, it is said to occasionally come back thence to the United States as salad oil. In this country it is used as a cheap substitute for lard oil, and to some extent as a counterfeit of olive oil. During the year 1878-9, out of a total crop of 7,800,000 gallons, the home consumption was 2,425,000, and the exportation 5,750,000. The total sale, therefore, was some 400,000 gallons in excess of the crop, supplied from the surplus of the preceding year. This implies an increasing foreign demand, as the home consumption remains nearly the same from year to year. The demand for the present keeps fairly ahead of the supply. This supply, which is estimated for the present year at a large advance on last year, comes from the Gulf and Southwestern, rather than from the Atlantic, States. Of the forty-one cotton-seed oil mills in the South, nine are in Mississippi, nine in Louisiana, eight in Tennessee, six in Texas, four in Arkansas, two in Missouri, two in Alabama, and one in Georgia. The industry may very likely extend to the Carolinas, but at present they send their cotton seed to the manufacturing States. The present consumption of seed is estimated at 410,000 tons. A ton of seed yields about thirty-five gallons of crude oil, and a residue of 750 pounds of cake; twenty-two pounds of lint cotton is generally saved from the seed, and the remaining 1,200 pounds are hulls, which are burned as fuel or for their ashes. A cotton factory at Little Rock is run entirely with cotton-seed hulls as fuel. The cost of seed in the interior is some \$1 per ton, and in New Orleans \$10; the yield, at present prices, \$16.76. The cake is chiefly employed for feeding stock, and as a fertilizer. If the entire production this year should be 12,000,000 gallons, at thirty cents for the oil, and \$20 per ton for the cake, the total profit of the industry to the South will be \$6,000,000.—San Francisco *Commercial Herald*.

ANNUAL CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION.

The Annual Convention of the American Bankers' Association began its sessions in the Town Hall, at Saratoga, N. Y., on Wednesday, August 11.

Mr. J. D. Vermilye, of New York, called the Convention to order and introduced the President, Mr. Alexander Mitchell, of Milwaukee, who made the opening address, congratulating the members of the Convention on the change in the financial condition of the country which has taken place during the past two years. Then the problem of a return to specie payments pressed for a solution, which all awaited with anxiety, and some with apprehension. Now the fact of resumption awakens only surprise at the ease with which it was accomplished, and the entire absence of all those difficulties and disasters predicted as likely to accompany and to follow it. Beyond a doubt the success of resumption was largely, if not entirely, due to the cordial and organized effort and co-operation of the banks and bankers of the United States, and thus one of the great objects of this Association has been happily achieved. Resumption has only been tested under the most favorable circumstances. It was preceded by a long and elaborate preparation. Overtrading had been checked by the enhancement in value which the currency had undergone in anticipation of the day fixed for resumption. The balance of our foreign trade was in our favor. The prosecution of works on public improvements had been partially suspended, and trade and commerce had been placed on a footing of prudence and economy. Since that time the country, as if relieved from a burden of suspense, has entered on a career of unexampled business prosperity.

THE DANGER OF FINANCIAL DEPRESSION.

Large crops and high prices abroad have furnished the stimulus to a vast trade, to the wants of which the volume of the currency has been found adequate. In this country one extreme follows another; periods of depression follow periods of prosperity with the certainty almost if not with the regularity of the seasons. Such a period of depression may now be looked for at any time in the future, when an extensive failure of the crops shall concur with a season of overtrading and extravagance in enterprise and expenditure. It is, therefore, a matter of the most serious importance what effect such a depression would have on the present apparent stability and equilibrium of our banking system. What checks, what safeguards does that system furnish to avert disaster? What action will the Government take, what action can it take to protect the business community from the effects of a general money panic? Under the old system it was the practice of the banks to watch the approach of the storm and control their discounts. In their efforts to strengthen their condition the legitimate wants of customers are, from a supposed necessity, apt to be disregarded, thus intensifying financial disasters, disorder and panic. In England a different practice has prevailed. The financial condition is noted as if by a very sensitive barometer, which, acting automatically, applies a remedy for the disorder it has discovered. An advance of the rate of interest by the Bank of England by one, two or more steps, according to the gravity of the case, checks overtrading, stops effectually the drain of specie from the country, and operates as a safeguard against any sudden panic or considerable commercial revulsion. Here, on the other hand, the rate of interest is limited by usury laws of more or less severity. The remedy of raising the rate of interest to meet the emergency of a threatened panic, even if a combination of the bankers of the country were practicable, would be impossible, except within certain narrow limits, by the obstacle of those laws. And, without now expressing an opinion on the wisdom of the Government engaging in the busi-

ness of banking so far as to issue notes for circulation, it may well be questioned whether there be lodged in the federal Government any power to prevent a financial crisis, or whether any action it might or could take would be more efficient than that of the banks in mitigating the disasters of such an emergency.

SILVER COINAGE.

And another very important problem presents itself, which may be found equally difficult of solution, growing out of the continuous coinage of silver under the existing laws. As long as no special effort shall be made to force this silver into circulation, its existence will affect chiefly the Government treasury, to which it belongs, and to which it apparently sustains the relation substantially of silver bullion. But whenever, by failure of the crops or other exigencies of our foreign trade, balances must be remitted to Europe, gold alone will subserve the purpose. Doubtless any considerable drain of gold will throw this silver into circulation. Paper money will then fall to the rank of silver, and our entire circulation will be depreciated to the value of the silver dollar.

BANK TAXATION.

The Government tax on deposits is so illogical in its conception and unjust in its operation as to claim the most earnest attention of the Association. The profits of a bank are derived from the use of capital, and anything which adds to the expenses of its operation tends to reduce its profits and calls for a corresponding increase in the rate of discount to meet the deficiency. It is a plain proposition, that every burden imposed on capital enhances the charge for its use, and thus the taxes, whether State or National, to which the banks of this country are subjected, enter directly into the question of the rate of interest to be exacted for loans and discounts. Just as the people at large make up in higher prices for a shortage of the grain crops, caused by drought or the ravages of insects, just as consumers pay any excessive foreign or inland freight on goods delivered at their doors, so customers of a bank must pay its excessive taxation. That this tax is double in its operation, being assessed on the same paper in the hands of each banker through which it may pass in the ordinary course of business, does not require illustration. Its benefits are all centered in the National Treasury; its injuries are as widespread as the National commerce and public enterprise and industry. But notwithstanding the unanswerable arguments that have been advanced against it, and although the great necessities of the Government which first led the National Congress to impose it have long since passed away, the tax still continues. It stands, one of the few remaining mementoes of a class of taxes which for several years bore with crushing weight on the industrial and commercial interests of the country. Every passing year adds to the prosperity of our National finances and brings more and more into relief the gross injustice of this tax.

The calling of the roll being dispensed with, on motion of Mr. W. H. Rhawn, of Philadelphia, the preliminary report of the Executive Council was read. It gives a brief review of the work of the year.

REPORTS.

The report of the Executive Council states that the expedients suggested at the last Convention, with a view to an increase of membership and usefulness, had been put in operation, and resulted in an increase of membership of 222. The number of circulars, pamphlets, and newspaper circulated during the year is 175,482. There have been 155 deaths of bankers and bank officers during the year, among them being Thomas W. Olcott, the oldest banker in the United States at the time of his death. In reviewing the work of the year it is found that the spirit of cordiality and union has been gathering strength, and that the 6,000 banks and bankers of the country are gradually uniting for carrying on a common work for their mutual benefit.

The Treasurer's Report of the Association showed the total receipts of the year to be \$14,857, and the expenditures, \$11,868.

A Committee was then appointed to nominate officers for the ensuing year.

PAPERS READ.

Mr. John Johnston, of Milwaukee, read an interesting historical sketch of Banking in Wisconsin. Mr. N. B. Van Slyke made some suggestions about methods of conducting banking business. Mr. Hugh Young detailed the progress of banking in Pennsylvania.

THE TRADE DOLLAR.

Mr. George R. Gibson, of California, read an interesting paper upon banking affairs on the Pacific slope, and suggested the proper outlet of the surplus silver of the country. He advocated a re-issue of the trade dollar, and a reduction of three-quarters of a grain in fine silver, to make it identical in value with the Mexican dollar, that the absorbent capacity of India and China might take all we can send to them.

Mr. W. S. George, of Michigan, read a paper entitled "Grangers and Green-backs, and their relation to banks." He described the former as being misjudged when regarded as enemies of wealth, enterprise and industry.

SECOND DAY, August 12.

The attendance at the Convention to-day was largely increased. The Committee on Nominations reported, and the following officers were elected for the ensuing year :

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 Tradesmen's Bank, New Haven.
DAKOTA.....	R. C. Lake, 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.....	Calvin T. Wheeler, President, Union 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 W. Thomas, President, Canal National Bank, Portland.
MARYLAND.....	Daniel Annan, Cashier, Second National Bank, Cumberland.
MASSACHUSETTS.....	William H. Foster, Cashier, Asiatic National Bank, Salem.
MICHIGAN.....	Henry P. Baldwin, President, Second National Bank, Detroit.
MINNESOTA.....	Henry P. Upham, President, First National Bank, St. Paul.
MISSISSIPPI.....	Edward S. Butts, President, Vicksburg Bank, Vicksburg.
MISSOURI.....	Joseph L. Stevens, President, Central National Bank, Boonville.
MONTANA.....	Samuel T. Hauser, President, First National Bank, Helena.
NEBRASKA.....	H. Kountze, President, First National Bank of Omaha, Omaha.
NEVADA.....	George Tufty, President, Carson City Savings Bank, Carson City.
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.....	Frederick D. Tappen, President, Gallatin 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.....	Andrew Simonds, President, First National Bank, Charleston.
TENNESSEE.....	Nathaniel Baxter, Jr., President, First National Bank, Nashville.
TEXAS.....	Morris Kopperl, President, National Bank of Texas, Galveston.
UTAH.....	William H. Hoo er, 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 TER.....	Edward 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 BULL, 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 G. 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.
 CHARLES PARSONS, President, State Savings Association, St. Louis, Mo.
 HOEL H. CAMP, Cashier, First National Bank, Milwaukee, Wis.
 WM. H. RHAWN, 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.
 A. H. MOSS, President, First National Bank, Sandusky, Ohio.
 J. H. MILLARD, Cashier, Omaha National Bank, Omaha, Nebraska.
 R. M. NELSON, President, Commercial Bank, Selma, Ala.
 CHARLES B. HALL, President, Boston National Bank, Boston, Mass.
 WILLIAM E. GOULD, Cashier, First National Bank, Portland, Maine.
 JESSE J. BROWN, President, First National Bank, New Albany, Ind.

MEMORIAL TO CONGRESS,

upon the repeal of certain war taxes now paid by the banks and bankers of the United States.

Offered by Mr. Isbell, of Alabama, and referred to the Executive Council, August 12, 1880:

TO THE HONORABLE THE HOUSE OF REPRESENTATIVES, AND THE SENATE OF UNITED STATES:

The MEMORIAL of this Convention respectfully sheweth:

1st. That the American Bankers' Association represents 6,139 banking institutions of the United States, of which about 2,000 are National banks, and the remainder are Private banks, State banks, Savings banks, Trust Companies and other institutions doing a banking business.

2d. That in coming before the National Legislature at Washington to ask a modification of the law, so far as it pertains to the taxation of banks and bankers, we are not unmindful that the necessities of the Government, though less urgent than formerly, are at this time such as to require it to reach every proper source of revenue.

That banks are a necessity of every commercial nation, and that bank deposits have never been taxed in foreign commercial countries. Such taxes are mischievous to business, and enhance the rates of interest, weakening the stability of the financial and industrial system and driving capital out of the banking business. By the annual reports of the Comptroller of the Currency, and by other evidence, it has been abundantly proved that the burden of taxation upon the banking business in the United States, aggregates a percentage upon the capital employed, greater than the *average rate of interest current in the leading countries* with which we are forced to compete in extending the commerce, productive growth and industrial prosperity of the country.

3d. That as the necessities of the country are great, we only ask to be relieved from the tax on bank deposits. No other business but that of banking pays a tax on its indebtedness. We ask that the banks shall be relieved from this anomalous tax, which, prior to the war, was never levied in this country or in any other. We support our claims for a repeal of the tax on bank deposits upon the following substantial grounds:

FIRST.—That it is contrary to all equitable rules of taxation, in that it taxes debts instead of property. Deposits are in their nature a pure liability, and it is contrary to sound principles of Government to make the citizen pay a tax on his indebtedness. As banking deposits are a debt from the bank to its depositors, they should be wholly free from taxation; for it is a universally recognized principle in all other taxation, that debts are not only themselves untaxable, but that they should be deducted from taxable assets of like character. In accordance with this principle it is required under the State laws, that the depositors in banks shall list their deposit balances, and include them for assessment under the head of "money and credits owned by them."

SECOND.—That the law imposing a tax on bank deposits is not only bad in principle, but its practical operation leads to a perversion from its true intent, in that it taxes the same deposits several times over, and also taxes that part of the deposits which the banks are by law compelled to hold as a reserve. We desire to call the attention of Congress to the evidence on this subject given by the Comptroller of the Currency as to the National banks; those of the State banks and private bankers are not compiled in complete form, though important statistics have been from time to time laid before Congress by this Association. Our banks are compelled by the requirements of their business to hold in cash a large proportion of their net deposits. The cash so held is the source of no profit, but on the contrary it is the object of constant risk and care. For these and many other reasons we respectfully submit that deposits which are not the source of profit should not be taxed, even were the principle of taxing the deposits admitted to be correct. It is, however, impossible to continue this vicious and ruinous tax without working serious harm both to the banks, and to the progress of our trade and productive power.

THIRD.—That the tax upon bank deposits is a part of the war excise from which nearly every other interest has been relieved, and which now operates in its effects upon banks to enfeeble an interest of great importance to our industrial and commercial system.

FOURTH.—That the people of the United States, we believe, are to a greater extent than ever before in favor of granting the relief we ask. This is evidenced by the petitions to this effect signed by more than one hundred and fifty thousand voters, and recently presented to Congress.

In urging these claims for relief, we beg to add that the burden we seek to remove bears alike upon State banks, Savings banks and private banks, as well as upon National banks.

And your Memorialists will ever pray, &c.

SECRETARY SHERMAN ON NATIONAL BANKING.

The following letter from Secretary Sherman was read by Mr. Edward Atkinson :

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
WASHINGTON, D. C., August 9, 1880. }

Mr. GEORGE MARSLAND, Corresponding Secretary American Bankers' Association, Saratoga, N. Y. :

Sir—In complying with your request that if I could not attend in person the annual meeting of the American Bankers' Association at Saratoga I would contribute a paper on some financial topic within the scope of your discussion, I have deemed it most appropriate to state the actual connection of the National banks with the General Government, especially in the refunding and resumption operations.

In the early transactions of the Government gold and silver only were recognized as lawful money, but for convenience a practice soon arose of receiving for public dues notes of specie-paying banks, organized under State laws, and this practice was recognized and approved by law in 1816. So long as the bank notes were redeemed at sight in specie no mischief resulted; but as their redeemability depended upon the solvency of the banks of issue, the Treasury at times found itself embarrassed and the public credit injured by the possession of notes which had become depreciated or worthless by the sudden collapse of the issuing bank, so that the notes received at par could no longer be used without loss for disbursement. So great had this evil become that in July, 1836, the receipt by the Treasury of any money except coin or Treasury notes was prohibited by an Executive order. When Congress met in the December following an acrimonious debate on the currency ensued. Mr. Calhoun sustained the action of the administration, and in giving his reasons therefor said he believed the state of the currency was almost incurably bad, so that it was doubtful whether the highest skill and wisdom could restore it to soundness, and it was destined at no distant day to

undergo an entire revolution. An explosion he considered inevitable, and so much the greater the longer it should be delayed. The explosion referred to came within a year, and the policy of the administration in refusing all bank notes was vindicated. Benton said the best vindication of the order was that it stopped the receipt into the Treasury of ten millions of worthless notes. As it was, however, thousands of dollars received by the Treasury before 1836 now lie in its vaults—worthless, forming one of those “unavailable” items which in a bank would be charged to profit and loss, but which in the Treasury, for want of legislation, can only remain an item in the cash, where it now is, a nuisance to bookkeepers and a perennial subject of Congressional investigations.

OLD BANKING METHODS.

Not less unfortunate was the policy of depositing public funds in State banks. The early financial reports of the Treasury abound in lamentations over the embarrassments and losses to which the Government was continually subjected by such a policy, and the books of the Treasury confirm the oft-repeated story of embezzlement and defalcation. So embarrassed was the Government by the failure of the banks during the evil days of 1837 that all public officers receiving public moneys were, in effect, by an executive order directed to hold the same in their own possession until paid out by Treasury drafts in favor of public creditors. This was the germ of a movement which, developing rapidly, was fully established in 1846 as the Sub-Treasury system, and the country was grateful that at last a plan had been devised by which the financial transactions of the Government could be conducted independently of the banks. The wisdom of that measure is not to-day questioned by any one. From 1846 to 1861 the Government used specie only in public transactions, and held and disbursed its funds only by and through its own officers, and for the comparatively small transactions of that period the system was satisfactory and sufficient. But with the war of the rebellion came the necessity of making great loans and of disbursing immense sums of money, and by the act of February 25, 1863, the present system of National banks was inaugurated, partly as an aid to the Government in its great enterprise. Mindful of the difficulties, therefore, experienced in dealing with State banks, Congress aimed in the new system to secure, as far as the Government was concerned, first, a uniform National currency, amply secured to the holders, and this was effected by requiring a deposit with the Government by the bank of issue of a more than equal amount of United States bonds, and by giving the Government the first lien upon the entire assets of the bank; second, to secure the deposits of public moneys made in the banks by requiring ample security therefor. It is hardly necessary to recount the eminent success of the system in these particulars. In no case has the value of National bank notes fallen below the value of the United States notes in which they are redeemable, and so long as the latter are redeemed in coin the holders of National bank currency are certain that their money will neither depreciate nor vanish while in their hands.

FLUCTUATING STATE BANK CURRENCY.

The present generation can hardly realize the importance of this stability of value which has become to be, as a matter of course, accepted. But how was it with the issues of State banks? Not only did the value of such notes fluctuate, according to the standing of the respective banks by which they were issued, but in accordance with the location of the banks at which they were redeemable. Before me is a statement showing the prices of notes of specie-paying banks in Philadelphia at certain periods in 1837. Notes issued by banks in the New England States, were at a discount of one to one and one-half per cent. Those of Georgia were at a discount of three per cent. in January of that year; at twelve per cent. in July. The notes of Michigan banks varied at the different periods in that year from two and a half to fifteen per cent. For the banks of every State there was a different rate at the several periods, and the country merchant who had bills to meet in that city could not tell before he left home how much money would be required for the purpose. Nor could the mechanic, paid in such currency, calculate in advance the “shave”

on his wages to which he would be subject. The establishment of a National bank currency has removed all those fluctuations, and not only the business man and the mechanic, but the Government, can receive and pay out at par, at any period of the year, in any part of the Union, the notes of National banks without suffering loss from their change in value. The value of such a stable currency can hardly be estimated or appreciated. Again, every country should have not only a sound and uniform currency, but should have of it such an amount as its business may require. To secure this the original banking act has been so amended as to remove all legal restrictions as to the limit of notes issued. The only limit of their issue now is the demand for them. With the depression resulting from the panic of 1873, the circulation of National bank notes decreased from \$355,448,578, in 1875, to \$316,396,840 in 1877, when it reached its minimum, and with the return of prosperity has already increased to \$344,150,313. With such elasticity, there can hardly be, for any considerable period, in this country, either an inflation or a stringency in the circulating medium, and the relief in such cases is fortunately afforded without any special act on the part of the Government, except to issue and redeem the notes and to hold the necessary security for their redemption. It would seem therefore, that not only has the original purpose of the Act been met in giving to the country a uniform and sound currency, but by supplemental legislation this currency is made to adapt itself in amount to the actual needs of the country without the aid of additional legislation or interference by the Executive Department.

NATIONAL BANKS AS GOVERNMENT AIDS.

The second purpose to be secured was additional facilities for the receipt, safe-keeping and disbursement of the public money. Under authority of the original act the Secretary of the Treasury has from time to time selected certain of the National banks for this purpose, requiring of each bank as security deposits of United States bonds, at least equal to the moneys which the Government would have in it at any time. In such banks there have been received the collections of revenue officers and the funds of disbursing officers. Of the former there has been deposited to the 30th of June last the sum of \$4,349,903,831.50, and of the latter an estimated amount of \$800,000,000. These amounts have been paid out or transferred to where needed, generally without expense to the Government, and, excepting in a few cases of comparatively small amounts, without loss. Not a dollar of these moneys has been lost since 1866. The amount of labor and expense saved to the Government through these agencies cannot be computed, but must be very large. Of the amount stated as deposited, \$792,464,905.89 arose from the sale of bonds on account of refunding and resumption operations. And here let me state that without the aid of the National banks the unprecedented refunding operations of last year would have been almost, if not quite, impossible. Even in the earlier refunding operations, when bonds were sold by contract, the contracting parties found it convenient to employ a National bank depository as a fiscal agent. But for these depositories the money paid for bonds sold would necessarily have been placed in the Sub-Treasury vaults to await the maturity of the bonds called under the three-months' notice required by law. At the close of April, 1879, there had been sold through subscription, in the several depository banks, for which the Government held the certificates of the bank, secured by United States bonds as collateral, the amount of \$389,944,295.62. But for depository banks this amount would necessarily have been turned at once into the Treasury to be paid out only as bonds called and matured were presented for payment. In that case more than half the paper circulation of the country would have been lying idle at one time in the public vaults to the destruction of every business interest in the country. But through the agency of the banks this disaster was averted; for within the time required the called bonds were gathered up by the banks and turned in for credit, thus accomplishing the refunding of the debt, by which an annual saving in interest has been effected of \$19,907,607, without withdrawing currency from circulation excepting for the small balances which were adjusted at the sub-treasuries. The banks have also, at all times, and in various ways, strengthened the hands of

the Government in its efforts to bring about specie payments, though in the accomplishment of that purpose they have been obliged to charge to profit and loss, on account of shrinkage in premium on the bonds deposited by them for their circulation and deposits, an amount of about \$10,000,000 within the last three years. I do not presume that the assistance which the banks have thus rendered the Government, and indirectly, the people, has been given without material returns to the banks in some form.

A VALUABLE SYSTEM.

Capital is placed in banking as in other schemes, that the owners may make a profit therefrom; and whatever form banking may take the capital will be invested only for that purpose. Whether the franchises granted National banks are exceptionally valuable, or whether further restrictions of their powers is desirable, I don't care to discuss at present. I only wish to call attention to the value such banks have been to the Government in comparison with that of the banks organized under State law. Nor do I desire, even by implication, to express a preference for depository banks as against the sub-treasury system. The records of the Treasury Department show that in 1873 many sound banks were temporarily embarrassed for currency, and that the Government, for a brief period, was compelled to rely entirely upon the accumulations of the Sub-Treasury for disbursements. From the vaults of those offices money flowed into the channels of business, not only saving the credit of the country, but relieving the financial distress then so keenly felt. But so long as banks are a necessity to the people there is no reason why they should not be so organized that when needed they may also help the Government; and under our existing laws, with the accumulations of actual money in the sub-treasuries sufficient to bridge over any probable stringency in the money market) supplemented by depository banks controlled by the Government, (to aid in great transactions requiring banking facilities, the country can feel assured that it has a system capable of meeting all probable demands—a system which is attracting the attention of other nations, and which should not be abandoned unless a better one can be devised to take its place. Very respectfully,

JOHN SHERMAN.

On motion of General R. H. Pruyn, of Albany, a vote of thanks was tendered to Secretary Sherman for his interesting paper.

MR. GEORGE S. COE ON SILVER.

A paper by George S. Coe was then read. Mr. Coe said:

For the past two or three years the market price of silver per ounce in the London market has been from fifty-one to fifty-three pence, so that silver dollars of 412½ grains legal standard have cost the Government an average of about 87½ cents in gold or in gold currency. Dollars of this inferior commercial or intrinsic value, made to be emitted as money for payments of every kind, are being coined by the United States Mint under compulsion of law at the rate of 2,000,000 per month. Some \$60,000,000 have been already produced. They accumulate in the Treasury as part of the ready cash reserve, and they have already become an unwelcome burden upon its resources. Yet, under law, the work of producing them proceeds with unrelenting progress, and the available cash for current uses is being thus gradually and surely transmuted into these unavailable dollars. They are not wanted by the people—first, because they are worth but seven-eighths their nominal value, and second, because they are inconvenient in weight and magnitude as coins, and are impracticable for commercial and business uses; and although extraordinary, diligent and expensive efforts have been made by the Treasury officials to disseminate them among the people in every part of the country, they are constantly rejected by every class, and when disbursed they immediately return to their place of departure. There can be no more emphatic expression of public sentiment than is thus practically given. To facilitate their use, or to justify their creation, the device of storage or Treasury receipts has been authorized, by means of which they may the more readily pass current as money and their inherent properties be thus measurably disguised. But these

receipts are redeemable only in kind, and they consequently have no more value than the things they represent. So long, therefore, as human beings prefer a whole dollar to one of seven-eighths in commercial value will these inferior coins be rejected, and this conflict between the interests of the people and the law which governs them will continue. The law itself is manifestly in direct antagonism with the most sacred rights of men and with the free commerce of the world.

A SERIOUS CRISIS THREATENED.

Mr. Coe went on to state that a dollar should in reality mean and be a dollar of 100 cents, that nothing can be gained by the forcible continuance of the reactionary system now impending over the country, and silently working its arbitrary way into power, against the wishes and commercial instincts of the people. If the coinage of the silver dollar is to continue it must be disbursed under a reign of law which compels creditors of every kind to receive it at its nominal value. By discretion of the Secretary, aided by a favorable condition of public revenue, this crisis may be delayed until the volume of the silver dollars has exceeded the ordinary bounds of the cash reserve. But this will only make the inevitable change in the current coin more certain and uncontrollable when it comes, and deprive that officer of any power to discriminate, if he would, between his payments to ordinary creditors and to those holding the public debt—for all of which the new dollars are alike legal payment. So soon, therefore, as this now rising tide shall overflow its banks, all the business of the Treasury must thenceforth be conducted upon a basis of silver dollars at present worth seven-eighths of dollars in gold. The continued coinage receipts of two millions per month will be added to the revenue paid in similar coin from every other source, and the same coin must in turn be disbursed for all Government obligations. The legal-tender notes will then be also redeemable only in silver, and must depreciate to the same value. As a necessary consequence all bank notes and all current transactions in banks and in home trade must sink to the same level, and all debts and obligations of every kind must go down with the general deterioration, until the whole country finds itself at once degraded from the honorable standard of the foremost nations of the earth to those of the second or third degree. Our commercial banks must, in consequence, adopt in their general business the single silver standard. They will be compelled also to resume special gold accounts for foreign commerce. The country will, in fact, be remitted to the condition of two currencies, of different values, with all their trials, inconveniences and inequities as they existed during the war. All contracts of trade between citizens at home and with all people abroad, will again be disturbed. Money will be made temporarily scarce by the withdrawal of gold as current coin, to be hoarded for special use or sent away for exchange into the silver of other nations, gladly seizing the opportunity to be thus relieved. Can any good reason be urged to justify a financial revolution so serious, so unnecessary and so irrecoverable? On the contrary, was not the policy, when inaugurated, a hasty and inconsiderate effort of the National legislature, during the heat and conflict of parties, to free the country from the consequences of war currency, or somehow to reconcile that currency with a metallic standard, which natural causes, through the fertility of the soil and the industry and economy of the people, have since more effectually secured? There is now nowhere a felt necessity or desire for this impending change. No important interest demands it; but the great instinct of the people everywhere repels the least practical approach to its consummation. Indeed, it is not too much to say, as men of financial experience, that the Silver law, if permitted to remain without modification or change, will work out results that this great people, of all classes and of all parties, will for ever regard as one of its greatest political and economical errors and misfortunes. Why should the Nation suffer this infiction? The fundamental error of this legislation does not consist in encouraging the use of silver as money. That is both desirable and conformable to the well-established laws of trade since the world began, and it is especially the policy of the American people to increase the use and

importance of one of its own most valuable productions. But the error consists in forcing into circulation a special coin of a size and character not convenient for business uses, and more especially, in giving it, by mandate of Congress, an excessive legal and local value or paying power which is denied to it by the commercial world, thereby needlessly throwing this great nation, while in a most hopeful condition of renewed prosperity, into discordant relations with the world without, and arbitrarily legislating away the rights and equities of our citizens one with another.

A MONSTROSITY IN FINANCE.

The simple statement of fact in our own case is this: Since this law was enacted the United States Government has coined stated sums of money from silver bullion which it purchases at its market value and pays for with other legal money issued from the same mint, creating 2,000,000 per month of one kind of dollars, with 1,750,000 of another kind, thus making a nominal difference of \$ 250,000 per month for itself out of its own people under the name of coinage. This has continued for a space of more than two years, and the strange work still proceeds in the same manner. A difference of nearly \$ 8,000,000 now exists between the false and the true value of this coinage, and the commercial price of the two metals has not yet more nearly approximated than when this law, with its prediction of restored value, was first proclaimed. Such a self imposed disparity between two forms of the National measure of value proposed for indiscriminate use in the nineteenth century of Christian civilization, by a free commercial people of 50,000,000 competing for financial supremacy with the world, whose imports and exports the last year exceeded the enormous aggregate of fifteen hundred millions, and whose internal trade, extending over a continent, and which is to be thus falsely estimated, is yet immeasurably greater, would seem incredible did we not know that the startling fact lies embodied in living statutes. And the singular anomaly is the more conspicuous and unwarrantable because that in the movement of coin between this and foreign countries we were a creditor nation to the extent of \$ 75,000,000, mostly received in gold, and that more is continually coming. It would seem that the demon of evil, jealous of so much prosperity, had deliberately devised this scheme to introduce discord and chaos into all commercial transactions, and by establishing a system of weights and measures essentially unjust and variable, under solemn sanctions of law, intended to destroy all moral distinctions among this great people and to turn their prosperity into confusion. The country is now confronted with the momentous and practical question, Shall this insane policy be at once arrested, or shall it be permitted to proceed upon its destructive work?

Mr. H. H. Camp, of Milwaukee, sent in a paper entitled *Coin Deposits as Security for National Bank Notes*. In this paper, he states his propositions as follows: "To amend the present National bank law, so that with their deposit of United States bonds to secure currency, banks shall also deposit a proportionate amount of coin, for which they will receive notes of the same character. I will attempt to demonstrate the working of the proposed plan by approximate figures, to make it better appreciated. Under the present law, a bank of \$ 100,000 capital may deposit with the Comptroller of the Currency, \$ 100,000 United States bonds, and for them receive \$ 90,000 currency. (The five per cent. redemption fund to be kept in the Treasury is immaterial, as it is allowed to be counted by the bank as a part of its reserve fund.) I would change the law as follows: The Comptroller shall be authorized to receive from the same bank \$ 100,000 in United States bonds, and also not less than \$ 20,000 in United States coin, and he shall issue therefor to said bank \$ 117,000 in currency, being ninety-seven per cent. for bonds and par for coin, and this proportion of coin to bonds to be maintained, the coin to be held in the Treasury at New York (and perhaps a part in some Western sub-treasury) for the redemption of notes. In case the coin in the Treasury belonging to any bank shall be diminished by redemptions below twenty per cent. of the bonds deposited, or in case of a depreciation of United States bonds so deposited, below

their par value, the deficiency shall be made good under proper regulations, and the interest accruing on the bonds shall be held by the Treasurer of the United States, until such deficits are made good. I would also amend the law so that the reserve, now held by banks in lawful money of the United States, may in lieu thereof be held in National bank notes and coin. No one will fail to perceive that to compel National banks to deposit such an amount of coin, and for it to receive notes which they must be prepared to redeem in coin, is a burden imposed for which they must receive an equivalent."

Mr. A. L. Snowden, Superintendent of the Philadelphia Mint, read a paper urging the repeal of the silver law, and in favor of an exclusively gold standard, with silver for subsidiary coins.

Dr. Marsland, the Secretary, read a paper prepared by the Japanese Minister at Washington, giving full and interesting details of the law and practice of the National bank system of Japan.

Mr. John Thompson, of New York, read a paper against any further coinage of silver dollars. He argued that their weight was deficient, and that in lieu of them there should be silver certificates, on the basis of 450 or 452 grains to the dollar. He also thought that gold enough had been coined, and that that metal also had better be circulated in the form of bullion certificates. Instead of inconvenient gold and silver coin, he wanted certificates. The lack of them, he feared, would force a revival of the old State banks, with their wild cat issues.

A letter was received from D. G. Croly, in behalf of the Bullion Club of New York, urging the common use of coins in the place of small notes, and that the greenbacks should be based dollar for dollar on coin actually held for their redemption.

THIRD DAY, August 13th.

At the opening of the Convention the names of the officers of the Executive Council were announced. The officers for the ensuing year are :

Chairman, George S. Coe, President of the American Exchange National Bank, New York ; *Treasurer*, George F. Baker, President of the First National Bank, New York ; *Secretary*, Edmund D. Randolph, President of the Continental National Bank, New York ; *Corresponding Secretary*, George Marsland, Editor, 247 Broadway.

The chairman of the Executive Council stated to the Convention, that some solicitude had been expressed by members of the Association whether the subject of mitigation of National and State taxes was receiving that attention of the Executive Council that its importance demands. In reply, the committee requests him to say that they are using all honorable means to secure this object ; that they regard it as paramount to any other duty intrusted to them, and that they are diligently pursuing it in all reasonable and proper ways, and with the hope of success.

The resolution was passed in favor of the immediate enactment of a National bankrupt law of such a character as to discourage fraud and afford ready and efficient relief to honest debtors, and place all creditors, wherever located, upon an equal footing, with a uniformity of administration throughout the country, and to secure a prompt and equitable distribution of the assets of insolvent estates at the lowest possible cost ; also, to include a judicious system of composition, whereby the settlement may be effected in proper cases upon terms satisfactory to a majority of the creditors, without the delay and expense incidental to full bankruptcy proceedings. The Executive Council was requested to take measures for urging Congress to pass this law.

Mr. George A. Butler, of Connecticut, read a paper on the question of specie payments and the relation which it bears to other great financial questions. He thought resumption had not settled any of these questions, not even that of the permanency of specie payments, which will be determined by the disposition made of the legal-tender notes and by the character of our banking. Resumption may come about, and specie payments be for a long time maintained on an amount of specie wholly inadequate to the permanent maintenance of specie payments. If there had not been any Government paper money, resumption

would have taken place long before the time fixed by Congress. The permanency of specie payments depends upon the retirement of legal-tender notes, and also upon our banking being put on a proper and enduring basis, and if we would have specie mean gold we must leave off coining silver.

Mr. Edward Atkinson read a paper on the "Industrial growth of the country and the chief causes which have produced it." The chief cause of that growth is the fact of the Government ceasing to interfere with the freedom of trade and of personal rights. The irredeemable legal-tenders were stigmatized as a lie. Government should redeem them in coin and withdraw them for ever.

Mr. Atkinson reviewed the paper of Secretary Sherman, read yesterday. He said that two-fifths of the coin reserve of the Government is now held in silver, and soon the proportion of silver would be more than one-half. This is a dangerous condition, as a slight disturbance, political or commercial, may cause the shipment of gold, and raise it to a premium, while our country would be brought to a silver standard.

A resolution offered by the Executive Council was adopted asking Congress to stop the coinage of two to four millions of silver monthly, as tending to derange business, and likely ultimately to result in the embarrassment of the Government, the Treasury, the exportation of gold to foreign countries, and a general financial complication. Congress is asked to repeal the law of February 28, 1878.

Papers by W. H. Patterson of Georgia, Andrew Simons of Charleston, Edward S. Butts of Vicksburg, Theodore M. Pomeroy of Auburn, and Ex-State Assessor James A. Briggs were ordered printed in the proceedings without reading.

A memorial to Congress, offered by Mr. Isbell, of Alabama, asks the repeal of some portion of the taxes on banks, urging that the tax on deposits is contrary to all equitable rules of taxation.

The papers of Hon. John J. Knox, Comptroller of the Currency; Mr. A. H. Moss, of Ohio; Mr. John Nollen of Pella, Iowa; and Mr. J. R. Roach of Vicksburg, Miss., were ordered printed without reading. The Isbell memorial (which we publish elsewhere) was indorsed by the Executive Council and approved by the Convention.

Mr. George S. Coe, Chairman of the Executive Committee, said it had been suggested to them to have the Association meet next year in Chicago.

Mr. Luke P. Poland, of Vermont, objected. He said no full meeting could be had elsewhere than at Saratoga.

President Mitchell returned thanks to the members for their courtesies and declared the Convention adjourned.

FRENCH INCOME TAXES.

Of the two questions stated in the annexed extract from the Paris correspondence of a London journal; the first is similar to the one arising under the United States Income-Tax Law, which was decided against the New York Central in respect to a large scrip dividend:

"A question of the liability of profits added to capital, to payment of income tax has been decided by the Paris Court of Cassation, after passing through the inferior courts. The Paris and Garonne Metallurgic Company having resolved to employ 700,000 francs of its profits in 1877 to increase its capital, distributed 1,400 new shares of 500 francs among the proprietors. The Treasury agents claimed the interest and dividend tax of three per cent. on that sum, arguing that the new capital was a dividend distributed, although not in specie. The Civil Court had given judgment for the Treasury, and the Court of Cassation has confirmed the verdict. The same Court has also given judgment for the Treasury on another question, which had been long contested, concerning the incidence of the income tax. Many companies are accustomed to pay their dividends in full, charging the tax to general expenses; the Court of Cassation has decided that the tax is due on the amount of the tax on the dividend, which is in reality an addition to the dividend, paid from the profits."

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I.—NOTICE BY MAIL TO AN INDORSER.

A recent decision of the Supreme Court of Nebraska [*Forbes, appellant, v. Omaha National Bank*] holds that a notice of protest to an indorser living near the place of payment, but outside of city limits, is not binding when sent by mail to the post office, within the city limits, where he usually got his letters. What is your opinion of this decision?

REPLY.—It is difficult for us to say that this decision is incorrect, because it is supported by many respectable authorities, and the question involved is one upon which the decisions are conflicting, as will be seen by referring to *Daniel on Neg. Insts.*, § 1,014 *et seq.* A different, and we think a better, view of the question has been taken by the Supreme Court of the United States, in the case of *Bank of Columbia v. Lawrence*, 1 Pet. 578, and no doubt, if the Omaha National Bank had brought its action in the Courts of the United States, the decision would have been different. The subject is regulated in many of the States by statute, but independently of statutes, we suppose the law to be this. It is true that when the indorser lives in the same place as that where the note is protested, he is entitled to personal notice of dishonor; unless in places where the letter-carrier system is in operation, when the post-office may be used to a certain extent. But when the indorser lives in a different place from that in which the note is protested, the rule is universal that notice may be sent to him through the mails. In general, the notice should be directed to the indorser at the place of his residence, and if there is more than one post-office in that place, then to the post-office nearest his place of residence; but if there is any post-office known to the holder, as the post-office at which the indorser is accustomed to receive his letters, the notice may be directed to him at that post-office. If it is proper to direct the notice to an indorser, who resides at a different place from where the note is protested, to the post-office which is the nearest and the one at which he is accustomed to get his letters, we do not think it makes any difference, in reason, that this post-office happens also to be in the place where the note is protested. As we understand this case, the office at Omaha was both the nearest and the one at which the indorser was accustomed to get his letters. The rule as to the necessity of personal notice has been regarded as arbitrary and technical, as is evidenced by the frequent changes which have been made in it by statute, and we do not think it ought to be extended beyond the corporate limits of the city or town in which the note is protested. According to the very authorities upon which the decision rests, a notice, directed to the nearest post-office within the corporate limits of the town in which the defendant resided, would have been a good notice to him, although, not being in the habit of going to that post-office, he might not receive it for a long time, or not at all. We think it more reasonable that the holder, having the

undoubted right to send the notice to such post-office, should also be allowed to send it to the office at which the indorser is likely to receive it the soonest. The reasons of convenience suggested by the Nebraska Court, may have peculiar force in that State, but they have not generally been insisted upon by other Courts in discussing the question.

II.—WHAT OFFICER SHOULD CERTIFY A CHECK?

I think that you published in the *BANKER'S MAGAZINE* a year or two ago, the decision of some court to the effect that a teller was the only one connected with a bank who should certify a check. I have looked over all our old magazines for some time back, but cannot find it. Can you tell me where it is?

REPLY.—We know of no such decision, nor do we remember of reading anything upon the point, except a remark of Judge SELDEN in the case of *Farmers & Mechanics' Bank v. Butchers & Drovers' Bank*, 16 N. Y. 125, to the effect, that the teller is the more proper officer to certify, because "his appointment is virtually a division of the office of cashier; and that branch of the office which a teller fills embraces those duties which particularly require a knowledge of the state of the accounts of the depositors."

III.—USURY BY NATIONAL BANKS.

A party who had paid his note off has brought suit to recover back excess over six per cent., as we charged him eight per cent. He claims that he can recover twice the amount of all the interest he has paid since the note began. If you know whether this has ever come up before the *Supreme Court* of the United States, will you point me their opinion on such a case?

REPLY.—The claim made in this case is correct. The language of the Bank Act, § 5,197, is explicit that the party may recover twice the amount of all the interest paid within two years of the date of suit. The Supreme Court said, in *Farmers and Mechanics' National Bank v. Deering*, 91 U. S. 29, that this is the proper construction of the Act; although, in the case before them, the question was not distinctly argued, whether the forfeiture should be twice the whole interest or only twice the excess of interest over the legal rate. Probably the Act appeared too plain to make it worth while to argue the point.

STATISTICS OF IMMIGRATION.—There arrived in the customs districts of Baltimore, Boston, Detroit, Huron, Key West, Minnesota, New Orleans, New York, Passamaquoddy, Philadelphia, and San Francisco, during the month ended July 31, 56,123 passengers, of whom 49,922 were immigrants, and 3,922 citizens of the United States returned from abroad. Of this total number of immigrants arrived there were from England, 5,388; Scotland, 1,251; Wales, 51; Ireland, 6,067; Germany, 11,275; Austria, 2,006; Sweden, 3,779; Norway, 1,743; Denmark, 908; France, 598; Switzerland, 577; Spain, 24; Holland, 148; Belgium, 75; Italy, 748; Russia, 557; Poland, 188; Hungary, 454; China, 865; Dominion of Canada, 12,716; Cuba, 62; and all others, 442. During the year ended June 30, 457,243 immigrants arrived in the United States, an increase of 279,417 over the number arrived during the preceding fiscal year. The year of greatest immigration was the fiscal year 1873, when 459,803 immigrants arrived, exceeding the immigration of the last fiscal year only 2,560.

BOOK NOTICES.

Manual of the Railroads of the United States for 1880. By HENRY V. POOR.
New York: H. V. & H. W. Poor. 1880. 8vo, pp. 1,078.

This volume is the thirteenth of the annual series, with which Mr. Poor has honorably identified his name. He evidently means that each succeeding number shall be more full and valuable than its predecessors, and his constantly increasing experience enables him to accomplish that object.

The present volume contains 1078 pages, independently of the portion given up to advertisements, and in addition to the forty pages of preface and of review of the decision of the Supreme Court in the matter of the sinking fund for the Pacific railroads.

It gives full statements in respect to all the railroads in the United States and the Dominion of Canada, and in respect to the city and suburban tramways in the States of Massachusetts and Pennsylvania. At the end of the work there is a paper of great importance, under the heading of "Railroad Companies Merged in Other Lines." This paper is printed in double columns, of which the first gives the old names, and the second gives the present companies, which are now in possession of the roads. There have been so many railroad mergers and consolidations in recent years, that it would be very difficult to find out what had become of many roads without the aid of some such list.

Any recommendation of ours for one of Mr. Poor's Manuals would be quite superfluous. The public know perfectly well the excellence of his successive publications in that line.

First Annual Report of the Department of Statistics and Geology of the State of Indiana. 8vo, pp. 514.

This Department was created by an Act passed March 29, 1879. John Collett was placed at the head of it with nine assistants of various grades. This first report, submitted to the Governor March 1, 1880, gives very full information as to the agriculture, manufactures, taxes, climatic conditions, &c., of a State which has increased its population from 147,178 in 1820 to (about) 2,052,163 in 1880. The preparation of the work is highly creditable to those concerned in it, and the report must be of great value to everybody connected with Indiana's interests.

There are tables of the mortgages given year by year for seven years in twenty-nine counties, having one-third of the population of the State, and of the entries made on the records of the satisfaction of mortgages. It is stated in the report that many mortgages are actually satisfied, where there is no record entry of that fact, and also that partial payments on mortgages are not recorded at all. It is not to be assumed, therefore, that there is as much money due on mortgages as the records might seem to show. But as to the amount of mortgages created during the seven years, which was \$47,207,771 in the twenty-nine counties, we understand that it may be taken as correct.

The American Newspaper Directory. New York : Geo. P. Rowell & Co. 1880. Small 8vo. pp. 1,044.

This publication contains lists of all the newspapers and periodicals published in the United States, Territories, and the Dominion of Canada, together with a description of the towns and cities in which they are published respectively. Although its primary use is for advertisers and publishers, there is in it matter for the student of affairs and the political economist, the newspaper and the printing-press being the great engines of progress and civilization. Not the least interesting portion of the work is a Table, showing the number and frequency of issue of newspapers and periodicals published in each of the several States and Territories. The total number of them is 9,723; and of those in British America 564, making an aggregate of 10,287. Of the whole, 7,997 are weekly, and 904 daily, issues. The monthly publications reach the large number of 921. The present volume is the twelfth issue of the work.

OWNERSHIP OF GOVERNMENT BONDS—The wealth, debt and taxation division of the Tenth census have begun an investigation to ascertain the ownership of the registered bonds of the United States, which aggregate nearly \$1,175,000,000. This work is done by a force of census clerks in a room in the Treasury Department. The Secretary of the Treasury has placed the latest schedules of quarterly dividend of interest at the disposal of the Superintendent of the Tenth census, and the examination in progress, when completed, will show where the indebtedness of the country is owned, how much in each State and Territory, how much in every city containing more than 20,000 inhabitants and how much in foreign countries. It will also show separately the amount held by banks, insurance companies and other large corporations. An interesting feature of this report will be that it will contain a statement of the number of holders of given amounts of bonds, one hundred dollars, one thousand dollars, ten thousand dollars, &c., whatever the amount may be; also the number of male and female holders, respectively. In order to preserve the secrecy of the Treasury records, the names of the holders are not known even to the clerks engaged in the work, but only the number and amount of each account. It is expected that the report, when published, will correct a misapprehension quite current, namely, that the bulk of the debt is in the hands of large bondholders.

DIVIDENDS.—The Comptroller of the Currency has declared the following dividends in favor of the creditors of the banks named, respectively :

	<i>Per cent.</i>	<i>†Tot. div'd.</i>
Atlantic National Bank, New York.....	5	95
First National Bank of Franklin, Maryland.....	25	90
First " " " Wichita, Kansas.....	10	70
First " " " Meadville, Pa.....	50	—

THE FRENCH CHAMBERS are passing a trade-license bill, which increases very largely the taxes on bankers. In addition to a fixed annual sum of 2,000 francs, they are to pay a tax of ten per cent. on the rents of their houses and offices, and fifty francs for each clerk employed above the number of five.

BANKING AND FINANCIAL ITEMS.

GOVERNMENT REVENUES.—A statement showing the receipts and expenditures of the Government for the fiscal years ending June 30, from 1856 to 1880 inclusive, was issued on August 1st from the Treasury Department. From this statement the following figures and comparisons, with the receipts and expenditures for year 1879, are obtained: The receipts from customs duties for 1880 amounted to \$186,522,064.60, and from internal revenue sources to \$124,009,373.92, which is an increase of \$49,272,016.90 in customs and \$10,437,763.34 in internal revenue receipts over 1879. The net revenue of the Government from all sources for 1880 is shown to be \$333,526,610.98, while in 1879 it amounted to \$273,827,184.46, an increase of \$59,699,426.52. The net ordinary expenses of the Government for 1880 are shown to be \$267,642,957.58, against \$266,947,883.53 for 1879. A comparison of expenditures for interest on the public debt and for pensions for the years 1879 and 1880 shows a large increase in the one and a considerable reduction in the other. For 1879 the interest on the public debt amounted to \$105,327,949, and for 1880 to \$95,757,575.11, a decrease of \$9,570,373.89. In 1879 there was expended on account of pensions \$35,121,482.39, while for 1880 the expenditure for this account amounted to \$56,777,174.44, an increase of \$21,655,692.05 in one year.

War Department expenses in 1879 were \$40,425,660.73, and in 1880 \$38,116,916.22. Those of the Navy Department were \$15,125,126.84 in 1879 and \$13,536,984.74 in 1880.

The receipts from the sale of public lands in 1879 were \$924,781.06, and in 1880 amounted to \$1,016,506.60.

LOSSES OF NATIONAL BANKS.—The Controller of the Currency has just completed a table showing the losses charged off by National banks during the six months ending March 1, 1880. The total losses by all these banks during that period amounted to \$7,563,886. The losses for the corresponding period in 1879 were \$10,238,324, and in 1878, \$10,903,145. Of these losses during the last six months, \$1,208,521.02 was on account of depreciation in the premium upon United States bonds held by the banks, chiefly bonds which were about to mature. The losses charged off by the National banks in the City of New York during the six months were \$1,254,820.30; in Boston, \$648,327.16; in Philadelphia, \$151,638.53; in Pittsburg, \$146,404.90; in Baltimore, \$142,318.89; in New Orleans, \$43,970.39. Of these losses the following amounts were caused by losses on premiums upon United States bonds: New York, \$257,470.49; Boston, \$81,364.25; Philadelphia, \$74,226.50; Pittsburg, \$26,974.05; Baltimore, \$13,089.39; New Orleans, \$700. The total number of banks reporting losses during the last six months is 1,360.

REPORT OF THE DIRECTOR OF THE MINT.—The Director of the Mint in his report for the fiscal year ended June 30, 1879, estimated that the amount of gold and silver coin in the country on that date was \$286,490,689 gold and \$112,050,985 silver—a total of \$398,541,674. The returns of the Bureau of Statistics show that the net import of gold during the fiscal year ended June 30, 1880, was \$77,153,331. Adding to this the domestic production, estimated at \$36,000,000, would give a gain during the year of gold coin and bullion available for coinage of \$113,153,331. During the same period it is estimated that the domestic production of silver was \$38,000,000. Taking the estimate of the Director of the Mint of the amount of coin in the country, June 30, as a basis, it is estimated that the amount on June 30, 1880, was \$399,644,029 in gold and \$141,774,985 in silver, making a total of \$741,418,914, and a gain during the year of \$142,877,231.

THE FREEDMAN'S SAVINGS BANK.—The Commissioners of the Freedman's Savings and Trust Company have declared a dividend of ten per cent., and will commence paying it on September 1 next. The amount required to pay this dividend is \$296,368.29, which, added to thirty per cent. heretofore declared and the special deposits, aggregates the sum of \$1,258,936.47, which has been divided among more than 61,000 creditors of the thirty-three branches of the company. The Commissioners expect to pay another dividend of ten per cent when the company's banking house and adjacent property in this city is sold and other remaining assets disposed of.

CALIFORNIA.—The Bank Commissioners furnish the following condensed statement of the resources and liabilities of fifty-eight commercial banks doing business in California on July 1, 1880:

RESOURCES.	
Bank premises.....	\$2,068,431
Other real estate owned.....	2,018,122
Stocks, bonds and warrants.....	4,695,120
Loans on real estate.....	7,925,297
Loans on stocks, bonds and warrants.....	4,880,588
Loans on other securities.....	2,940,200
Loans on personal security.....	13,559,164
Money on hand.....	13,785,014
Due from banks and bankers.....	10,639,163
Other assets.....	2,956,350
Total resources.....	\$65,473,454

LIABILITIES.	
Capital paid-up (home banks).....	\$14,285,124
Surplus (home banks).....	8,509,373
Total capital and surplus.....	\$22,794,498
Due head offices, London, by the four branches.....	6,988,388
Due depositors.....	31,558,458
Other liabilities.....	4,132,108
Total liabilities.....	\$65,473,454

The amounts due to stockholders and depositors of Commercial and Savings banks were as follows:

	<i>Capital.</i>		<i>Deposits.</i>
Commercial banks.....	\$14,285,125	..	\$31,555,458
Savings banks.....	3,853,627	..	47,719,829
Totals.....	\$18,138,752	..	\$79,275,287

The actual amount of cash in the banks and to their credit elsewhere was:

	<i>In Bank.</i>		<i>Elsewhere.</i>
Commercial banks.....	\$13,785,015	..	\$10,639,164
Savings banks.....	2,897,471	..	611,572
Totals.....	\$16,682,486	..	\$11,250,736

THE SILVER DOLLARS.—A new regulation, intended to facilitate the filling of orders for silver dollars, has been approved by the Secretary of the Treasury and was, on August 23, issued from the Mint Bureau. It provides that hereafter a person desiring silver dollars can make a deposit for them with the Assistant United States Treasurers at Philadelphia, San Francisco and New Orleans, and certificates for the same will be given to the Superintendent of the Mint in the same city, who will ship the coin to the party ordering it. Heretofore depositors' certificates were mailed to Washington, and transfer letters, issued by the Treasurer of the United States, authorizing the Superintendent of the Mint at the point of deposit to ship the coin, were awaited before a depositor could receive his coin. This new regulation will save from seventeen to twenty days' time to depositors for silver dollars at San Francisco, and about a week to those at New Orleans. It is thought by Treasury officials that it will largely increase the orders for such coins.

SILVER.—The N. Y. *Commercial Bulletin*, of August 17th, says: "The scarcity of note currency here is likely to become greater, and were it not for the large stock of silver dollars in the Treasury (which can be sent to any of the leading cities at the expense of the Government), there might be reason for anxiety as to how the usual autumn requirements for currency would be met. By existing regulations of the Treasury, a bank can satisfy the demand of a correspondent for currency by giving to the Sub-Treasury here a check, payable through the Clearing House to the order of the United States Assistant Treasurer. When this check is collected for the Treasury through the Clearing House, the amount called for is sent in silver dollars to the correspondent of the bank, the Government paying the express company's charge. In this manner the idle hoard of silver dollars in the Treasury can be spread over the South and West, and gold can be retained here."

There have been several reports from Washington during August that the shipments of silver from the Treasury were on the increase.

VERMONT.—A meeting of the stockholders of the ruined First National Bank was held at Brattleboro, on August 2d. Receiver Price was invited to give such information as might be proper for him to disclose, and it was learned from him that the liabilities, both real and contingent, aside from the capital stock, would probably reach over \$100,000. The assets he was unable to give, but it was generally inferred that an assessment of the stockholders would finally be necessary. One of the directors refused to be catechised, saying he considered the questions decidedly impertinent, and doubted the authority of his interrogator to appear at the meeting. After about four hours' discussion the meeting decided to appoint a committee of three, consisting of F. A. Harris, of Brattleboro; J. L. Pierce, of Chester, and S. W. Kimball, of Brattleboro, to act with the directors for the interest of the stockholders. The meeting also instructed Receiver Price to use his influence toward putting the fugitive president, S. M. Waite, into insolvency. The belief was expressed that the valuation of his property would fall far short of the anticipations. Upward of \$1,000 was subscribed by the stockholders and others, as a reward for the return of Waite, and a committee was appointed to solicit subscriptions from others who have manifested a willingness to pay for his capture.

CANADA.—A letter from Montreal (August 12) to the Boston *Herald* says: "A number of capitalists from France are in this province, and establishing four beet-sugar factories. The undertaking is conducted on a large scale."

"A new industry established here is the shipping of butter to Great Britain in the hermetically sealed tin cans, like preserved meats. The cans contain all the way from two to twenty-eight pounds weight. An order from Glasgow, Scotland, for 10,000 two-pounds has already been received, and the trade is expected to develop into gigantic proportions."

"The Grand Trunk receipts for the past week were \$55,000 in excess of the corresponding week of last year. The aggregate increase for the past thirty-two days was \$1,183,000."

"The shipping trade here is making great progress. The increase in tonnage of ocean vessels entering the port in July last was 54½ per cent. in excess of the same month last year. The revenue of the harbor up to the 1st, shows an increase of 40 per cent. over the corresponding period of last year, although some reductions were made in the scale of dues."

FRENCH SAVINGS BANKS.—A bill pending in the French Chambers to establish post office savings banks, obligates the government to pay three-and-one fourth per cent. interest, of which the depositor receives three, the other one-fourth being devoted to the charges of management. The maximum deposit of any single depositor is 3,000 francs, or about \$600. One feature of the bill, said to be copied from Austrian legislation, authorizes the government, in case of any overpowering necessity (*force majeure*), to issue a decree limiting the re-imbursment to fifty francs fortnightly.

According to returns made to the Commissioner of Agriculture in April, the average value per acre of cleared farming lands in the United States was eight per cent. higher than in April, 1879.

GROWTH OF ENGLISH CITIES.—The opinion, quite generally entertained, that London is one of the few large British cities which grow rapidly, is very erroneous, as the figures plainly show. It is nearly eight years since the last census, and the Registrar-General consequently supplies various estimates annually, of the population of the principal towns, founded on a ratio of increase between 1861 and 1871, in order to form a basis for calculation of yearly rates. From this it appears that London now contains 3,620,868, an increase since 1871 of 366,608; Liverpool, 538,338, an increase of 44,933; Manchester, 361,819, an increase of 10,630; Leeds, 311,860, an increase of 52,648; Sheffield, 397,138, an increase of 57,192; Bristol, 209,947, an increase of 27,895; Bradford, 191,046, an increase of 45,316; Hull, 146,347, an increase of 24,455; Salford, 177,849, an increase of 53,048; Newcastle, 146,948, an increase of 18,505; Portsmouth, 131,821, an increase of 18,262; Leicester, 125,622, an increase of 30,402; Sunderland, 114,575, an increase of 26,333; Oldham, 111,318, an increase of 28,689. London is equal to 18 of the largest cities; Liverpool and Glasgow are very near one another in population, the latter having 39,818 more people than the former. The density of population varies greatly in the leading towns. For example, it is 11.4 in Norwich; Newcastle, 27.4; Sunderland, 41.4; London, 48.0; Manchester, 84.3; and Liverpool, 103.3, per acre. Many of the small uncommercial towns of Great Britain are stationary, and others slowly decline.—*New York Times*.

VALUE OF LAND IN LONDON.—At the Auction Mart, Tokenhouse-yard, in July, Messrs. Edwin Fox and Bousfield sold, by direction of the First Commissioner of her Majesty's Works, premises in Seething Lane, Tower Street, at £4 17s. 4d. per square foot, or at the rate of £211,992 per acre. They also sold, by direction of the Court of Chancery, ten freehold houses in Ely Place, Holborn, occupying together about 13,412 feet. The total amount of sale was £34,570, being at the rate of £2 11s. 6d. per square foot, equal to £112,167 per acre.

THE IRISH FINANCIAL CONDITION.—During the three years, 1877-78-79, there has been a reduction in the deposits of the Irish banks of £3,699,000, and a reduction in the aggregate of their deposits and note circulation of £5,236,000. This is nearly twice the reduction which followed the famine of 1846-7.

During the three years 1877-78-79, the aggregate of deposits in the two classes of Savings banks has undergone little change. There has been an increase of deposits in the P. O. Savings banks, and about the same decrease in the trustee Savings banks.

PROTECTION IN RUSSIA.—A commission appointed by the Russian Government to examine the duties upon metals, has reported in favor of a heavy increase on iron and its manufactures. The policy of Russia is manifestly to be hereafter in the direction of protection and of the diversification of home industries.

RAILROAD BONDS.—Messrs. Gilman, Son & Co. have for sale the first mortgage six-per-cent. gold bonds of the Quincy, Missouri & Pacific Railroad Company. The issue is limited to \$9,000 per mile of completed road, and the interest is guaranteed by the Wabash, St. Louis & Pacific Railroad Company, which corporation has leased in perpetuity the Q., M. & P. Road. The gross receipts of the Wabash for the six months ending 1st July, 1880, were \$5,313,847, or at the rate of over \$10,000,000 per annum. The present price of the bonds is 97 and interest, having been still further advanced since the advertisement in our present number was printed. Owing to the active demand, the price of these bonds is subject to advance hereafter without notice.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from August No., page 150.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
CAL....	Los Angeles... \$100,000	First National Bank..... John E. Hollenbeck, <i>Pr.</i>	First National Bank. Edward F. Spence, <i>Cas.</i>
COL....	Alpine.....	Bank of Alpine (F. A. & A. H. Reynolds.)	Kountze Bros.
"	Idaho Springs..	Bank of Idaho Springs....	Kountze Brothers.
"	Rico.....	Bank of Rico.....	Chemical National Bank.
"	Saguache.....	\$40,000 August Krille, <i>Pr.</i>	Eugene B. Cushing, <i>Cas.</i>
DAKOTA	Casselton.....	San Luis Valley B'k (Rayno lds, Campbell & Co.)	Kountze Br.
"	Mandan.....	Bank of Casselton (W. F. Holmes & Co.)	Nat'l Park Bank.
"	Tower City....	Bank of Mandan..... P. O. Chilstrom, <i>Pr.</i>	First National Bank, <i>St. Paul.</i> B. L. Winston, <i>Cas.</i>
FLA....	Pensacola..... \$50,000	Tower City Bank (R. P. Sherman.)	.....
ILL....	Foreston..... \$10,000	First National Bank..... D. F. Sullivan, <i>Pr.</i>	W. A. S. Wheeler, <i>Cas.</i>
IND...	Newport.....	Farmers & Traders' Bank..	First National Bank.
IOWA...	Nashua.....	John J. Hewitt, <i>Pr.</i>	Theo. D. Hewitt, <i>Cas.</i>
"	Reinbeck.....	Collett & Co.....	Chase National Bank.
"	Tipton.....	Lozer & Slimmer.....	National Park Bank.
"	Walnut.....	A. Branaman & Co.....	Chase National Bank.
KANSAS.	Centralia.....	H. Hammond.....	Imp. & Tra. Nat'l Bank.
"	Hunnewell....	W. C. Henry.....	.....
"	Minneapolis..	Charles Wake & Co.....	Donnell, Lawson & Simpson
"	Odessa.....	Hunnewell Bank..... J. S. Danford, <i>Pr.</i>	M. H. Smith, <i>Cas.</i>
MICH...	Ludington....	J. W. Smith & Co.....	Kountze Brothers.
MO....	King City.....	Ludington State Bank....	Amer. Exch. Nat'l Bank.
"	Odessa.....	George W. Roby, <i>Pr.</i>	Charles Blair, <i>Cas.</i>
OHIO...	Canton.....	King City Bank.....	Donnell, Lawson & Simpson.
"	Manchester....	Bank of Odessa..... J. C. Cobb, <i>Pr.</i>	L. R. Smith, <i>Cas.</i>
"	St. Paris.....	City National Bank.....	National Park Bank.
TEXAS..	Belton.....	\$100,000 Peter H. Barr, <i>Pr.</i>	Henry C. Ellison, <i>Cas.</i>
"	Overton.....	Blair, Grimes & Co.....	.....
ONT....	Woodstock....	First National Bank.....	First National Bank.
		Lambert Pond, <i>Pr.</i>	Emmet V. Rhoads, <i>Cas.</i>

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from August No., page 149.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2488	First National Bank St. Paris, OHIO.	Lambert Pond..... Emmet V. Rhoads.	\$52,100	\$52,100
2489	City National Bank Canton, OHIO.	Peter H. Barr..... Henry C. Ellison.	100,000	—
2490	First National Bank Pensacola, FLA.	D. F. Sullivan..... W. A. S. Wheeler.	50,000	—
2491	First National Bank Los Angeles, CAL.	John E. Hollenbeck..... Edward F. Spence.	100,000	—

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from August No., page 149.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
ILL....	Second Nat'l Bank, Freeport...	Jacob Krohn, <i>Acting Cas.</i>	L. W. Guiteau.
IND....	Merch. Nat'l B'k, New Albany..	John H. Butler, <i>Pr</i>	J. B. Winslandley.
IOWA...	State National Bank, Keokuk..	A. Bridgman, Jr., <i>Cas</i>....	.....
"	First Nat'l Bank, Tama City...	J. L. Bracken, <i>Pr</i>	B. A. Hall.
KANSAS.	First National Bank, Fort Scott }	Charles F. Drake, <i>Pr</i>	R. P. McDonald.
		C. H. Osbun, <i>Cas</i>	C. F. Drake.
MD....	Bank of Commerce, Baltimore.	James R. Edmunds, <i>Cas.</i>	T. T. Smith.*
MICH...	Michigan Savings B'k, Detroit..	George Peck, <i>Pr</i>	T. McGraw.
MO....	Lafayette Bank, St. Louis.....	P. J. Doerr, <i>Cas</i>.....	.....
"	First National Bank, Sedalia. }	Cyrus Newkirk, <i>Pr</i>	A. D. Jaynes.
		J. C. Thompson, <i>Cas</i>	C. Newkirk.
N. J....	National Union Bank, Dover }	George Richards, <i>Pr</i>	H. Hoagland.
		Hudson Hoagland, <i>V. P.</i>	.....
N. Y. ..	Deposit National Bank, Deposit }	James H. Knapp, <i>Pr</i>	C. Knapp.*
"	Saugerties Savings Bank, Saugerties }	John W. Davis, <i>Pr</i>	John Kiersted.
"	First Nat'l Bank, St. Johnsville.	J. P. Russell, <i>Tr. & Sec.</i>	G. Seaman.
"		Joseph M. Hubbard, <i>Cas</i> ..	N. G. Dodge.
OHIO...	Western Ger. B'k, Cincinnati...	L. Kleybolte, <i>Cas</i>	F. J. Werner.
"	Exchange Bank, Greenville....	Rollin F. Crider, <i>Cas</i>....	.....
"	Farmers' National Bank, Mansfield }	Joseph S. Hedges, <i>Cas</i>	G. A. Clugston.
		John J. Miller, <i>A. C.</i>.....	.....
PENN...	Keystone National Bank, Philadelphia }	G. W. Marsh, <i>Cas</i>	J. B. Wiswell.
"	Corry National Bank, Corry... }	John Hayes, Jr., <i>A. C.</i>....	.....
"	First Nat'l Bank, Harrisburg...	T. A. Allen, <i>Pr</i>	H. F. Sweetser.
"	Farmers' Dep. Nat'l B'k, Pittsburgh }	William W. Jennings, <i>Pr</i> ..	William Calder.*
		Joseph Walton, <i>Pr</i>	S. George, Jr.*
R. I....	First National Bank, Newport..	Nathaniel R. Swinburne	<i>Cas.</i> B. Mumford.*
S. C....	Peoples' Nat'l B'k, Charleston..	E. H. Sparkman, <i>Cas</i>	H. G. Loper.
"	National Bank of Greenville. }	Luther M. McBee, <i>Cas</i>	J. J. Blackwood.
		H. T. Poe, <i>A. C.</i>	L. M. McBee.
TEXAS..	First National Bank, Galveston.	J. E. Beissner, <i>Cas</i>	W. Garlick.
"	Farmers & Merch. B'k, Paris... }	H. A. Bland, <i>Cas</i>	C. W. Mertz.
WIS....	Waukesha National Bank, Waukesha }	Andrew J. Frame, <i>Pr</i>	W. Blair.
		H. M. Frame, <i>Cas</i>	A. J. Frame.

* Deceased.

DISSOLVED OR DISCONTINUED.

(Monthly List, continued from August No., page 149.)

COL....	Leadville.....	Bank of Colorado; attached.	Cashier fled.
ILL....	Moweaqua.....	V. Snyder & Co.; dissolved.	
MD....	Baltimore.....	F. B. Loney & Sons; out of business.	F. B. L. deceased.
MICH...	Grand Ledge...	Exchange Bank (J. D. Hayes); suspended.	
PENN...	Philadelphia...	Morris L. Hallowell; deceased.	Business discontinued.
QUE....	Quebec.....	Stadacona Bank; in liquidation.	

THE BANKER'S ALMANAC AND REGISTER.—We have prepared printed postal cards addressed to this office, with blank forms for announcement of new banks, changes of officers, etc. These will be supplied to any of our friends who may notify us of their willingness to furnish such information of this kind as shall come under their notice.

RECENT CHANGES OF TITLE, ETC.

(Monthly List, continued from August No., page 149.)

NEW YORK CITY	Boody, McLellan & Co. ; admit F. G. Saltonstall.
" " "	H. L. Horton & Co. ; Joseph Trumbull deceased. New firm— Same style. Special capital \$140,000, to May 1, 1885.
ARK.	Helena..... Jacks & Co. ; admit L. Lucy. Style same.
CAL.	Los Angeles.... Commercial Bank ; now First National B'k. Same officers.
COL.	Canon City..... William E. Johnson ; now Bain & Robertson.
ILL.	Monticello..... Houston & Moore ; now H. V. Moore.
IND.	Hagerstown.... Brooks & Ford ; now Wyatt, Allen & Co.
IOWA	Reinbeck..... Brooks & Moore Bros. ; now A. Branaman & Co.
KANSAS.	Columbus..... Hobart & Doubleday ; now Ritter & Doubleday.
"	.. Minneapolis.... J. R. Penniman ; succeeded by Ottawa County Bank.
LA.	Monroe..... Lewis D. Allen, Jr. ; now President of Bank of Monroe.
MICH.	Detroit Market Bank (J. A. Sexton & Co.) ; now Eugene Robin- son, <i>Pr.</i> , Wm. H. Trainor, <i>Cas.</i>
"	.. Ludington..... Blain & Ely ; now Ludington State Bank.
MINN.	Plainview..... Amerland & La Rue ; now H. Amerland & Co.
MO.	Boonville..... Aehle, Lee & Dunnica ; now John Lee.
NEB.	Oakland..... Drury, Ashley & Co. ; now Watson Parrish.
N. Y.	Gouverneur.... A. Godard & Co. ; now Gleason & Co.
OHIO.	Canton..... Canton Bank ; now City National Bank. Same officers.

SHIPMENTS OF COIN, TREASURY CIRCULAR.

TREASURY DEPARTMENT,

WASHINGTON, August 12.

Upon receipt at this office of a certificate, issued by any assistant treasurer or National bank depository, that a deposit of currency has been made, or upon the receipt at this office of United States notes, fractional currency, fractional silver coin or National bank notes, or upon the receipt and collection of a check on New York payable to the order of the Treasurer of the United States, in sums of \$500 or any multiple thereof, standard silver dollars will be sent from the Mint of the United States, at the expense of the Mint, to any point accessible through established express lines reached by continuous railway communication.

Standard silver dollars will also be sent from this office free of postage by registered mail in sums of \$65 at the risk of the party to whom sent and at his expense for the registration fee of ten cents, to be deducted at this office from the remittance.

Fractional silver coin will be sent from this office for deposits as stated in the first paragraph above, and the transportation charges will be deducted at this office from the remittance at Government contract rates, which are six-tenths of a cent per mile per \$1,000, with a minimum rate of \$1 per \$1,000 to each express company. Any amount less than \$1,000, when exceeding \$500, is charged half the price of \$1,000, with a minimum rate of 50 cents to each express company carrying the same.

Fractional silver coin will also be sent from this office free of postage by registered mail in sums of \$70 at the risk of the party to whom sent and at his expense for the registration fee of ten cents, to be deducted at this office from the remittance.

JAMES GILFILLAN, *Treasurer of United States.*

NOTES ON THE MONEY MARKET.

NEW YORK, AUGUST 25, 1880.

Exchange on London at sixty days' sight, 4.82½ to 4.83 in gold.

The money market is easy at two and one-half to three per cent. for call loans, but there is some anxiety as to the course of monetary movements connected with the fall trade. Hence, a very slight interruption of the ordinary tranquility is apt to produce sudden and brisk changes in the rates of loans, and several instances of this kind have recently occurred. The bank statement shows a decrease of \$9,559,200 in the average reserve during the last five weeks. The surplus reserve is now reduced to \$7,317,925 against \$18,471,275 on the 17th July. The greenbacks have been reduced during the week from \$16,312,000 to \$15,254,200 and the specie from \$68,330,900 to \$66,717,500. Last year at the corresponding period the banks held \$41,838,600 of greenbacks and \$19,631,100 of specie. The specie imports from abroad have had a tendency to give steadiness to the monetary situation, and the evidence is anxiously canvassed to elucidate the question how long the influx of specie will be kept up and to what extent it may be expected to continue. The imports of merchandise since January 1st, amount to \$320,454,569 at New York, against \$196,701,436 in 1879, and \$181,862,413 in 1878. The exports exclusive of specie since January 1, are reported at \$251,318,744 against \$197,785,418 last year, and \$209,933,426 in 1878. Foreign capital still shows an active tendency to invest itself in American securities; and the influence of this movement upon the foreign exchanges tends, with other circumstances, to influence the estimates and calculations of those who anticipate considerable shipments of gold from Europe to this country. Just now the interior exchanges are working adversely to New York, and the outflow of bank notes is large in addition to that of specie and greenbacks. Some of these movements are illustrated in the following table of the New York Clearing-House averages for several weeks past:

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
July 31.....	\$ 297,779,300	\$ 68,037,700	\$ 20,631,300	\$ 19,477,600	\$ 291,306,500	\$ 15,842,375
Aug. 7.....	304,765,800	68,705,600	17,115,900	19,430,400	297,024,200	11,566,450
" 14.....	305,491,800	68,330,900	16,312,000	19,381,600	298,691,600	9,970,000
" 21.....	310,656,300	66,717,500	15,254,200	19,428,100	298,615,100	7,317,925

The Boston bank statement for the past four weeks is as follows:

1880.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
July 26.....	\$ 145,258,100	\$ 6,617,900	\$ 4,124,200	\$ 55,220,800	\$ 30,514,600
Aug. 2.....	145,795,500	6,365,200	4,093,500	54,579,400	30,344,200
" 9.....	140,955,800	6,178,400	3,549,100	54,020,300	29,640,100
" 16.....	148,056,800	6,349,000	3,182,900	55,688,100	30,496,200
" 23.....	147,343,400	5,901,100	2,991,900	56,002,600	30,378,300

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

1880.	Loans.	Reserves.	Deposits.	Clearance.
July 26.....	\$ 67,444,957	\$ 20,911,011	\$ 60,112,851	\$ 12,189,649
Aug. 2.....	67,591,981	21,237,201	60,288,773	12,199,880
" 9.....	68,359,368	20,666,346	60,351,479	12,154,016
" 16.....	69,143,060	20,216,899	60,880,934	12,122,670
" 23.....	69,594,147	19,625,220	60,653,997	12,138,642

The stock market is without much activity. Government bonds are strong but the transactions are small, and the supply in market is very limited. Subjoined is a table of the amounts of the different issues and the latest quotation for each, with the amount outstanding :

QUOTATIONS OF GOVERNMENT BONDS.

Title of Loan.	Last sale.	Rate of Interest.	Redeemable after.	Amount outstanding.
Loan of February, 1861 ('81s), Reg'd.....	104½	6 per cent.	Dec. 30, '80	\$ 12,657,000
" Coupon.....	104½	6 "	" "	2,900,000
Oregon War Debt, Reg'd.....	—	6 "	July 1, '81	—
" Coupon.....	—	6 "	" "	741,850
Loan of July and August, 1861 ('81s), Reg'd.....	104½	6 "	June 30, '81	115,603,850
" Coupon.....	104½	6 "	" "	41,310,750
Loan of 1853 ('81s), Reg'd.....	104½	6 "	June 30, '81	49,026,100
" Coupon.....	104½	6 "	" "	12,981,500
Funded Loan of 1881, Reg'd.....	102½	5 "	May 1, '81	295,207,500
" Coupon.....	102½	5 "	" "	188,922,050
Funded Loan of 1891, Reg'd.....	110½	4½ "	Sept. 1, '91	171,999,000
" Coupon.....	111½	4½ "	" "	78,001,000
Funded Loan of 1907, Reg'd.....	109½	4 "	July 1, 1907	530,386,100
" Coupon.....	109½	4 "	" "	207,794,350

Aggregate of bonds bearing interest in coin August 1, 1880..... \$ 1,707,531,050

BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES, INTEREST PAYABLE IN LAWFUL MONEY.

Name of Railway.	Last sale.	Rate of Interest.	When payable.	Interest payable.	Principal outstanding.
Central Pacific.....	121½	6 per cent.	30 years from date J. and J.	\$ 25,885,120	
Kansas Pacific.....	121½	6 "	" "	" "	6,303,000
Union Pacific.....	121½	6 "	" "	" "	27,236,512
Central Branch U. P.....	121½	6 "	" "	" "	1,600,000
Western Pacific.....	121½	6 "	" "	" "	1,970,560
Sioux City & Pacific.....	121½	6 "	" "	" "	1,628,320
Total.....					\$ 64,623,512

To show the foreign quotations we give below the closing prices of securities in London for three weeks past, and the changes and variations since January 1, 1880 :

Quotations in London.	Aug. 6.	Aug. 13.	Aug. 20.	Aug. 24.	—Range since Jan. 1, 1880.—
					Lowest. Highest.
U. S. 5s of 1881.....	105½	105½	105½	105½	104½ Apr. 15 .. 106½ Jan. 12
U. S. 4½s of 1891.....	114¾	113¾	113¾	113¾	109¾ Jan. 2 .. 114¾ Aug. 3
U. S. 4s of 1907.....	113	113¾	113¾	113¾	106¼ Jan. 2 .. 113¾ Aug. 19

State bonds are more in demand, but the views of buyers are not responded to by the holders, who look for higher quotations after the close of the fall elections. Railroad bonds are less sought by investors as their price is now so high and so firmly sustained. Still, the transactions are considerable and some of the securities formerly in less credit are advancing on an apparently increasing demand. Foreign exchange is dull but steady. Subjoined are our usual quotations :

QUOTATIONS:	July 28.	Aug. 4.	Aug. 11.	Aug. 18.	Aug. 24.
U. S. 6s, 1881, Coup...	104 $\frac{3}{8}$..	104 $\frac{3}{8}$..	104 $\frac{3}{8}$..	104 $\frac{3}{8}$..	104 $\frac{3}{8}$..
U. S. 4 $\frac{1}{2}$ s, 1891, Coup.	111 $\frac{3}{8}$..	111 $\frac{3}{8}$..	111 $\frac{3}{8}$..	111 $\frac{3}{8}$..	111 $\frac{3}{8}$..
U. S. 4s, 1907, Coup...	109 $\frac{3}{8}$..	109 $\frac{3}{8}$..	109 $\frac{3}{8}$..	109 $\frac{3}{8}$..	109 $\frac{3}{8}$..
West. Union Tel. Co.	107 $\frac{3}{8}$..	108 $\frac{3}{8}$..	106 $\frac{3}{8}$..	106 $\frac{3}{8}$..	106 $\frac{3}{8}$..
N. Y. C. & Hudson R.	130 $\frac{3}{8}$..	132 $\frac{1}{2}$..	133 ..	133 ..	132 $\frac{1}{2}$..
Lake Shore.....	108 $\frac{3}{8}$..	108 $\frac{3}{8}$..	108 $\frac{3}{8}$..	108 $\frac{3}{8}$..	108
Chicago & Rock Island	110 $\frac{3}{8}$..	114 $\frac{3}{8}$..	111 ..	113 ..	113 $\frac{3}{8}$..
New Jersey Central...	75 $\frac{3}{8}$..	75 $\frac{3}{8}$..	75 $\frac{3}{8}$..	76 $\frac{3}{8}$..	77
Del., Lack. & West....	84 $\frac{3}{8}$..	86 $\frac{3}{8}$..	85 $\frac{3}{8}$..	87 $\frac{3}{8}$..	89 $\frac{3}{8}$..
Delaware & Hudson..	81 $\frac{3}{8}$..	81 $\frac{3}{8}$..	81 $\frac{3}{8}$..	82 $\frac{3}{8}$..	85 $\frac{3}{8}$..
Reading.....	18 ..	21 $\frac{3}{8}$..	21 $\frac{3}{8}$..	24 $\frac{3}{8}$..	23 $\frac{3}{8}$..
North Western.....	95 $\frac{3}{8}$..	98 $\frac{3}{8}$..	100 $\frac{3}{8}$..	100 $\frac{3}{8}$..	99 $\frac{3}{8}$..
Pacific Mail.....	43 ..	42 $\frac{3}{8}$..	41 $\frac{3}{8}$..	41 $\frac{3}{8}$..	40 $\frac{3}{8}$..
Erie.....	43 $\frac{3}{8}$..	43 $\frac{3}{8}$..	42 $\frac{3}{8}$..	41 $\frac{3}{8}$..	40 $\frac{3}{8}$..
Discounts	4 @ 5 ..	4 @ 5 ..	4 @ 5 ..	4 @ 5 ..	4 @ 5
Call Loans.....	2 $\frac{1}{2}$ @ 3 ..	2 $\frac{1}{2}$ @ 3 ..	2 @ 3 ..	2 $\frac{1}{2}$ @ 3 ..	2 $\frac{1}{2}$ @ 3
Bills on London.....	4.82 $\frac{1}{2}$ -4.84 $\frac{1}{2}$..	4.82 $\frac{1}{2}$ -4.84 $\frac{1}{2}$..	4.82 $\frac{1}{2}$ -4.84 $\frac{1}{2}$..	4.82 $\frac{1}{2}$ -4.84 $\frac{1}{2}$..	4.82 $\frac{1}{2}$ -4.84 $\frac{1}{2}$..
Treasury balances, coin	\$ 89,355,752 ..	\$ 88,605,060 ..	\$ 87,933,908 ..	\$ 88,435,975 ..	\$ 87,365,128
Do. do. cur.	\$ 7,438,889 ..	\$ 6,956,964 ..	\$ 6,935,968 ..	\$ 7,055,645 ..	\$ 6,145,280

Notice having been given that the Secretary would again begin the purchase of bonds for the Sinking Fund, offers were made, Wednesday, July 28, of bonds for \$4,590,650, all of them being sixes and fives. The Secretary accepted \$2,000,000 as follows: \$432,000 sixes of 1880, at 102@102.28; \$973,000 sixes of 1881, at 104.29@104.45; and \$595,000 fives of 1881, at 103.64@103.73.

On Wednesday, August 4, the offerings of bonds were \$6,398,900, of which the Secretary purchased \$2,500,000, as follows: \$96,000 of the sixes of 1880, at 102.36; and \$2,404,000 of the sixes of 1881, at 104.45@104.60.

On Wednesday, August 11, the offerings of bonds were \$6,387,100, of which the Secretary accepted \$2,500,000, as follows: sixes of 1880, at 102.35@102.44; sixes of 1881, at 104.68@104.74; and fives of 1881, at 102.68@102.70.

On Wednesday, August 18, the offerings of bonds were \$6,823,300. The Secretary accepted \$2,500,000 as follows: \$59,000 of the sixes of 1880, at 102.45; \$396,900 of the sixes of 1881, at 104.75@104.80; and \$2,044,100 of the fives of 1881, at 102.69@102.78.

The United States Treasury, August 18, issued \$242,000 3-65 registered bonds of the District of Columbia in exchange for Board of Audit certificates of the District, being the first issue under the new law passed by the last Congress.

During the seven months ending July 31, there were shipped from San Francisco as follows:

	To Japan.	To China.	To Hong Kong.
Silver bars.....	\$ 115,000	\$ 115,000	\$ 931,279
Mexican dollars.....	155,000	50,000	1,213,238
Trade dollars.....	.....	.....	1,060
	<u>\$ 270,000</u>	<u>\$ 165,000</u>	<u>\$ 2,145,577</u>

The San Francisco *Herald* (August 12) reports "An abundance of ready capital, but limited opportunities for its profitable investment," but says, at the same time, that "The average discount rates at our commercial banks rule at eight to ten per cent., and the latter being the extreme price."

During the year ending July 1st, San Francisco redeemed \$310,500 of its bonds, leaving then outstanding \$3,863,000. It may not be very becoming in citizens of New York to moralize on the folly of municipal debts, but the sooner San Francisco pays up all its bonds the better it will be off.

According to advance census statements, the fifty-two counties of California owe in funded debts \$9,979,301, and in floating debts \$1,901,616.

The real estate of California is valued at \$446,273,885, and the personal property at \$118,304,451.

A State of Maine four-per-cent currency loan for \$150,000, payable in six equal annual installments, beginning in 1881, was sold in August to a firm of Boston bankers at a premium of 1/82. The biddings were for ten times the amount offered.

During the six working days ending August 23, the silver certificates received at the New York Custom House amounted to \$1,438,000.

For the year ending June 30, 1879, the Director of the Mint estimated the silver production of the United States at \$40,812,000. For the year ending June 30, 1880, he estimated it at \$38,000,000, which must be substantially absorbed by coinage into silver dollars, and by use in plate and the arts in this country.

A Washington telegram of August 23, which will be taken for what it is worth, says: "The demands for the re-issue of fractional currency that began to be made some time ago are now pouring in from all directions. The Treasury Department expresses a willingness to approve such a measure if presented to Congress."

Mr. Sherman, as a Senator in 1876, reported and strongly urged the passage of the present law, withdrawing the paper fractional currency and substituting silver, and carried it against the opposition of Senator Jones, of Nevada, and others. It does not seem probable that his opinions have now undergone such a change as the above telegram would imply.

The Treasurer of the United States gives notice that fractional silver coin, in sums of \$70, will be sent free of postage at the risk of the party to whom they are sent, and at his expense for registration fee of ten cents, to be deducted at the Treasury from the remittance.

The statement that the law of February 28, 1878, directing the coinage of standard silver dollars, prohibited the further coinage of trade dollars, is incorrect. No reference whatever to trade dollars is made in that law.

During the six working days ending August 16, there was paid at the New York Custom House for duties, \$972,000 in silver certificates.

The total amount paid for pensions of all kinds, arrearages, &c., for the year ending June 30, 1879, was \$35,121,482, and for the year ending June 30, 1880, was \$56,777,174. The annual charges upon the country for the pensions and interest account, growing out of the Civil War, are enormous, and yet we hear every day persons claiming to be sane who demand that all the war taxes should be abolished.

The imports of gold at New York have been as follows:

Week ending July 31.....	\$44,122
" " Aug. 7.....	898,855
" " " 14.....	1,531,987
" " " 21.....	595,900

In addition, \$820,000 in gold from Germany arrived during the last-named week too late to be entered in the above statement.

On the 20th of August, the New York Custom House received \$320,000 in silver certificates.

The value of the exports of the hog product in 1879 amounted to \$79,438,936. Of this amount hams contributed over \$51,900,000, and lard \$22,856,673.

During the year ending June 30, 1880, the exports of petroleum were 423,691,767 gallons, valued at \$36,221,066, as compared with 378,310,010 gallons, valued at \$40,305,249, during the preceding year. The falling off in price is very considerable.

The Bureau of Statistics report that the total values of the exports of domestic provisions and tallow from the United States during the month of July, 1880, were \$12,804,776, as compared with \$8,882,531 during July, 1879.

Mr. Caird, the principal British authority upon agricultural matters, estimates that the cheapening within fifteen years of the cost of transporting cereals from the Western States to Liverpool, has reduced the annual rental value of lands devoted to wheat raising in England thirty shillings sterling per acre.

During July, Great Britain exported £333,682 of gold and imported £1,034,933, of which the large sum of £652,896 was from Japan. Of silver in July Great Britain exported £665,103 and imported £683,450. Of the silver exports, £422,663 was to India, as compared with £194,373 in July of last year.

For July, British merchandise imports were £33,352,595, being an increase of £3,166,523 as compared with July, 1879. The exports of merchandise of home production were £20,270,579 as compared with £16,611,122. For July, 1880, the adverse balance is the great sum of £13,082,016, which is only £492,934 less than it was in July, 1879.

The business of both the banks and the railroads in Great Britain during the first half of this year shows an improving tendency.

According to the returns of the British Board of Internal Revenue, the silver used by the British manufacturers of dutiable silver plate is declining. During the fiscal year ending March 31, 1880, the amount was 638,620 ounces, as compared with 870,507 ounces during the year ending March 31, 1875. The diminution between the dates named was steady and regular, and indicates depressed times and an enforced economy.

The Indian Government estimates for 1880-81, but not including the Afghan War expenses, submitted to the House of Commons, show a surplus of £417,000. The Marquis of Hartington said: "There would have been an aggregate surplus for the past three years of £11,197,000 but for the Afghan war." For the three years, the cost of that war is now estimated of £14,000,000, and there is an addition on expenditures of £4,000,000 upon military railways, not supposed to have any commercial value.

It is said that the prices in Europe of the products of India, as a whole, are more depressed than they have been at any time since 1872. If that is so, it must be equally true of the home prices of those products, as there has been no recent fall in the gold value of silver.

On the 18th of August, the Bank of Germany advanced its rate of discount from four to five per cent. Its loss of coin during the preceding week was 14,160,000 marks, or \$3,540,000.

The London *Economist* of August 14, re-iterates its belief that "a large part of the reserve of the Bank of Germany consists of silver."

Dr. Soetbeer is urging the German Government to take advantage of the present Indian demand, and to sell the remaining silver thalers. As another argument, he predicts that the silver coinage in the United States which now consumes a full third of the silver production of the world will not long continue, and that the withdrawal of that demand will make a great difference in the price. The London *Economist*, of July 31, noticing these considerations in favor of an early sale of the remaining German silver, says: "The loss on such a sale, however, if conducted on the same plan as the previous sales of silver by Germany, would be very considerable, and we hardly expect to see the idea put into practice."

The French Government plan of spending ten or twelve hundred million dollars upon public works, is being carried out vigorously. The estimates of expenditure in 1881 are 447 million francs, or about \$85,000,000. The present race of French politicians display what Chevalier called "a robust faith" in the prosperity of the future.

The estimate that the gold circulating in France is \$1,000,000,000 we believe to be fully twice too high. The amount in the Bank of France at the latest date was about \$155,000,000.

The Post-Office Savings banks, which are to be established in France, are to be allowed to receive as much as 3,000 francs from any one depositor. The old Savings banks, hitherto allowed to receive no more than 1,000 francs from any one depositor, are also to be hereafter allowed to receive 3,000 francs.

On the 31st of December, 1879, the old French Savings banks had 3,200,000 accounts open, representing a sum of 1,167,000,000 francs, being 365 francs (\$73) to each depositor, or less than one-fifth of the average to each account in this country.

The Chilian Congress has authorized the emission of paper money to the extent of \$6,000,000, for the purpose of pushing the war against Peru.

The gold yield of Victoria has been steadily declining for several years, but in 1879 it was 758,947 ounces, which is a trifle more than the yield of 1878, which was 758,040 ounces.

The enormous European immigration into the La Plata River countries is shown by a recent official statement—that of 34,035 owners of lands of the value of \$214,824,261 in Uruguay, 19,581 are foreigners who hold properties of the value of \$125,214,884.

It is rumored that a new line of railroad is to be constructed to connect with the Delaware, Lackawanna & Western Railroad, and to run from Binghamton to Buffalo. The distance from New York to Buffalo by the new road will be about 390 miles, which is about fifty miles shorter than by the New York Central and thirty miles shorter than by the Erie.

The Illinois Central Railroad in the past twenty years, on a line of 848 miles, has paid dividends to the amount of \$36,568,344.

The subscriptions (closed August 23) for the \$1,000,000 of stock and \$2,000,000 of bonds of the New Orleans Pacific Railway, largely exceeded the amounts offered.

It is expected that the Black Hills branch of the North-western railroad will reach Fort Pierre on the Missouri river in October.

The two roads being built to the Black Hills are about fifty miles apart. The one being constructed by the North-western is graded to the Missouri river. The other, which is being built by the Milwaukee and St. Paul, is within twenty miles of that river.

From Duluth to Kalama on the Columbia river, which will be the first Pacific terminus of the Northern Pacific railroad, the length of line is estimated at 1,947 miles.

The banks of the Province of Quebec issued a circular to depositors that interest allowances on deposits would be reduced to three per cent. after August 15. Letters from Montreal say that some of the banks there are refusing to pay any interest on deposits, and that "money never was so cheap and plenty as at present."

During the fiscal year ending June 30, being the first year under the lately established protective tariff in Canada, the Customs revenue was \$14,138,498, as compared with \$12,939,540 during the previous year, although it is said that the last-named sum was increased \$700,000, by hurrying importations in order to escape the augmented duties. Comparing the total importations of the two years, the falling off in 1879-80 is only \$1,993,743, while exports have increased from \$71,491,255 to \$87,924,792. The wisdom of the present policy of Canada is thus amply vindicated by its results.

Some persons in Canada are urging the imposition of an export duty of \$2 per cord on hemlock bark, for the purpose of preserving their hemlock timber.

Germany produced last year 410,000 tons of beet sugar; Hungary, 385,000; France, 270,000; Russia, 225,000, and Belgium, 85,000.

DEATHS.

At WEST WINFIELD, N. Y., on Wednesday, April 7, 1880, aged eighty-four years, DAVID R. CARRIER, President of the First National Bank of West Winfield.

At PITTSBURGH, Pa., on Sunday, August 1, aged thirty-one years, SAMUEL GEORGE, JR., President of the Farmers' Deposit National Bank.

At PALATINE BRIDGE, N. Y., on Saturday, August 7th, aged seventy-four years, JAMES SPRAKER, President of the National Spraker Bank of Canajoharie.

At LUTHERVILLE, Md., on Friday, July 23d, aged forty-nine years, THOMAS T. SMITH, Cashier of the Bank of Commerce of Baltimore.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

OCTOBER, 1880.

No. 4.

ASPECTS OF TRADE.

For the month of July the merchandise exports of the United States were \$71,017,817, and the merchandise imports were \$57,299,514, giving a favorable balance of trade of \$13,718,303. In the exports are included foreign goods re-exported to the amount of \$978,580. During the month the exports of gold and silver (coin and bullion) were \$718,891 and the imports were \$1,045,110.

During July, 1879, the favorable balance of the merchandise trade was \$9,644,349.

For the month of August, 1880, the merchandise exports from New York were \$36,449,347, and the merchandise imports were \$39,432,083. A considerable balance in favor of the country will be shown when returns from all the ports are received. During the month the merchandise warehoused was \$6,214,107, but the withdrawals of warehoused merchandise amounted to the larger sum of \$7,851,584. The specie import of New York for the month was \$9,492,530, principally in gold coins, and the customs' revenue was \$14,492,361, which is about \$4,000,000 more than during the same month in 1878 and 1879.

From all the ports, in August, the exports of breadstuffs were \$31,498,915 as compared with \$29,758,650 in August of last year. Of provisions and tallow, the exports were \$10,903,617, as compared with \$8,173,174 in August of last year. Hog products are bringing abroad better prices than they did a year ago, and better relative prices than cereals command now.

Following is a statement of the exports of the principal manufactured articles during the past two years :

	Year ending June 30, 1879.	Year ending June 30, 1880.
Agricultural implements.....	\$ 2,933,388 ..	\$ 2,245,742
Books and other publications.....	725,404 ..	626,630
Brass and manufactures of.....	200,871 ..	183,468
Carriages, carts, and parts thereof.....	1,023,735 ..	823,702
Copper—pigs, bars and sheets.....	2,751,153 ..	667,242
Cotton, manufactures of.....	10,853,950 ..	9,981,418
Hats, caps and bonnets.....	320,473 ..	221,733
Iron, manufactures of.....	9,464,496 ..	8,962,466
Lamps.....	304,440 ..	263,110
Lead and manufactures of.....	280,771 ..	49,899
Leather.....	6,800,070 ..	5,744,350
Ordnance stores.....	1,966,689 ..	777,344
Sugar, refined.....	6,164,024 ..	2,717,563
Wearing apparel.....	550,119 ..	486,233
Wool, manufactures of.....	346,733 ..	216,576

As prices were considerably higher in 1879-80 than in 1878-9, the falling off in quantities exported was still greater than in the money values.

This table shows that, with the revival of business in this country, there was an increase in the capacity of home consumption, which more than kept pace with the increase of manufacturing. As a consequence, the sending of goods abroad, to be sold at no matter what loss, came to a very natural end, and it is a matter of rejoicing that it did so.

During the year ending June 30, 1880, the exports of iron, coal and manufactures of all kinds from Great Britain, sensibly increased. It is only by such exports that Great Britain pays for food and raw materials, and a stern necessity compels that country to put the prices of its manufactures at any price, however low, which is necessary in order to force them upon the markets of the world.

A city contemporary, the *United States Economist*, takes the true view of the situation in saying :

"The exports by England of textile fabrics show a material increase in the face of all opposition combined, and nothing but a determined effort can compel her to relapse her hold of the markets of the world."

It must require a very "determined effort," indeed, and one which this country will be very unwise to undertake, to so undersell Great Britain in manufactures as to force half the present population of the British islands to choose between starvation and a compulsory emigration. A contest with the English for supremacy in the world's trade in manufactures will prove to be no child's play for us, or for anybody else. No present necessity drives us into such a contest, and there is nothing inviting about it in any aspect. We are very far yet from supplying with our home manufactures our own markets, into which the foreigner can enter only upon such terms as we see fit to prescribe.

A view of our foreign trade which is taken by a considera-

ble number of persons, is fairly reflected in the following from a city paper, the *Tribune*, of September 23: "The imports last week were dangerously large, amounting to \$12,797,557. Very large imports at this time are particularly unfavorable, because the exports of breadstuffs have been checked. Largely increasing imports and decreasing exports threaten to arrest the flow of gold to this country, and this, in the present condition of the banks and money, would quickly produce serious disturbances, at least for a time."

We believe, on the contrary, that more mischief is threatened by a continuance, than by a stoppage, of the flow of European gold this way. Such a flow means a depletion of gold in Europe, and a fall of prices there, which will cut down the returns from our exports, and also precipitate upon us an avalanche of European goods to be sold for anything they will bring. The import of \$12,797,557 in one single week, of which the *Tribune* complains, was caused in part by the flow of gold from Europe, and the resulting depreciation in European markets.

Europeans will satisfy our balance of trade against them by either sending us more manufactured goods or American securities. It is more for our interest to get the latter, but in no event can we get much more gold, and it is the last thing which we ought to desire. Our metallic money is increasing rapidly enough from the products of our own mines, and there is not within sight any compensation for the mischiefs sure to follow the continued draining away from Europe of its gold. The relief which it seems to give us is temporary and delusive, and the inevitable recoil from it will bring overwhelming disasters.

IMPORTATIONS OF GOLD.

The drain of gold to the United States from Europe is producing great anxiety among European financiers. It cannot continue much longer, without compelling the banks of France and England to follow the German example and raise their rates of discount.

The Paris correspondent of the London *Economist*, writing on the 26th of August, said:

"The London exchange reached yesterday 25*f.* 37½*c.*, but it is easier to-day at 25*f.* 36*c.* Although the exchange is now above the points at which gold is usually sent, exports are not possible as the premium of one-half per cent. must be taken into the account. This will permit gold being taken from the Bank of England for France at a rate of exchange apparently adverse to France. The exports of gold to the United States from France and Germany continue, but so

far have not increased. Much more stringency is, however, expected in September, and a monetary crisis in October is considered possible."

The premium of a half per cent. was paid only for full-weight Napoleons, as will appear from the following extract from the same correspondent's letter of September 2 :

"The bank is now placed in the impossibility of increasing its reserve of gold in Paris, at least, for as the changers and bullion-dealers purchase Napoleons indiscriminately, without regard to their weight, at 1*f.* 25*c.* per thousand francs premium, railway companies, traders and others sell their gold to them instead of paying it into the bank. Full-weight Napoleons are dealt in at 3.114*f.* per kilogram, the mint price being 3.100*f.* This is a premium of nearly a half per cent. The gold exports to America for the week are estimated at five millions of francs. Business men here do not appear to have any apprehensions of a rise in the bank rate for the present."

The *Messenger de Paris*, of the first of September, which is described as "the bankers' organ," had the following :

"We know well that the Bank of France, having in its till a considerable quantity of both metals, may pay out as it pleases either gold or silver, and in the event of a considerable quantity of specie being withdrawn against its notes, it would commence by paying ten and five-franc pieces of gold, which cannot be easily exported, and if the drain should become alarming, silver five-franc pieces, which would soon calm down the exchange of notes for coin."

The *London Statist*, of August 7 (under the head of "The threatened scarcity of Gold"), said :

"The *Berlin Borsen Zeitung* is in some alarm lest the present hopeful condition of trade should be disturbed by a serious gold crisis. It remarks that the Bank of England is less strong than it was last autumn, and that the gold drain to the United States is likely to be at least as great as it was at that period. The Bank of France is also in a bad position to meet a demand for gold. The *Zeitung* hints that the leading nations will have to adopt bi-metallism in order to escape from the double evil of the depreciation of silver and the growing scarcity of gold. It suggests that Germany, France and the United States should join hands to replace the white metal in circulation."

Three or four weeks later the *Statist*, in comments upon the continued drain of gold to America, observed :

"Such a state of affairs cannot go on. Last year the immense extraordinary requirements of America were met by a surplus of gold in France and England. This year England has no surplus which we can afford to lose. As yet France has partly eluded the drain; it has been diverted to Germany, who, however, shows a manifest disinclination to let

America or any other country get her gold, and we are as yet doubtful whether the Bank of France will allow one gold piece to leave its coffers for export. The drain to America last year took off the surplus of European stocks, and now at the first renewal of that drain we begin to see the 'gravel.' The drain, it is true, is still in some measure hypothetical, and so is the supply by which France may be able or willing to meet it. In the Bank of France there is but 30,000,000 sterling in gold; in the Bank of England but 28,000,000. If France will not, England cannot, spare the metal."

The general impression in England, however, certainly to the end of August, and perhaps later, was against the probability of any continuous drain of gold to the United States, and this accounts for the delay of the Bank of England in taking any measures to protect that country against it. The London *Times*, Sept. 1, said on that point:

"Nobody on this side can say what the bullion movements will be for a fortnight ahead—still less for a month. The known statistical facts are, however, decidedly against the assumption that the United States can take from Europe this year anything like the amount they took in 1879."

The London papers speak in a very disparaging way as to the ability of Germany to withstand demands for gold. The *Times*, of Sept. 1, had the following in its financial article:

"The stoppage of gold payments in Hamburg and Bremen is sufficiently significant. It need surprise nobody should Germany be forced to resort to silver everywhere as a legal tender. The gold and silver in the Imperial Bank of Germany are not distinguished in the weekly return, but it is currently reported that the stock of gold is really very small."

The London *Economist*, of Sept. 4, said:

"It is true there are official denials from the Bank of Germany that it has refused to pay gold for its notes, but in the case of bullion brokers it is quite understood that they were effectually prevented from withdrawing gold for remittance purposes early in the week. The result is, that Continental remitters have only had the market supplies of gold coin to fall back upon, and though these are extensive in France and easily attracted to the bullion dealers by a small premium, they are not so in Germany."

One week later, the same journal said:

"While we hardly think Germany would improve her position by reverting to the double standard, it is clear that, unless the state of commerce keeps the balance of trade in its favor, the Reichsbank will find it very difficult to preserve the convertibility of its notes, meet its obligations in cash, and maintain a sufficient specie reserve."

THE PUBLIC FINANCES.

The bonded debt of the United States was reduced \$9,500,000 during the month of August, as will appear from the following statement:

	<i>August 1.</i>	<i>Sept. 1.</i>
Bonds at 6 per cent.....	\$ 235,221,050 ..	\$ 229,440,150
" 5 ".....	484,129,550 ..	480,410,450
" 4½ ".....	250,000,000 ..	250,000,000
" 4 ".....	738,180,450 ..	738,241,350
Refunding certificates.....	1,167,350 ..	1,106,450
	\$ 1,708,698,400 ..	\$ 1,699,198,400

In addition, there appears in the Treasurer's general account as an asset, an item of \$2,615,974 for "United States bonds and interest," which must mean bonds to that amount purchased and paid for, but not yet cancelled.

The saving of interest by the cancellation of bonds in August is \$532,809, which makes a total saving of interest from the cancellations beginning November 1, 1879, of \$4,715,966.

The reduction of net debt of all kinds during August, after deducting cash on hand, was \$12,027,167.

The reduction of debt thus far effected since November 1, 1879, is only about equal to the increase of the gross debt rendered necessary by the preparations for the resumption of coin payments. Those preparations did not enlarge what is called the net debt, that is to say, the excess of debt beyond cash on hand. For the \$90,000,000 of bonds sold for resumption purposes, we had the equivalent in coin in the Treasury, but nevertheless the amount of outstanding bonds was by so much greater. By the recent cancellations we have brought the total of these bonds down to about the figure at which it stood before we began to accumulate funds wherewith to resume specie payments.

On the general subject of the changes both in the gross debt and in the net debt since July 1, 1873, a recent letter of J. R. Upton, Assistant Secretary of the Treasury, says:

The principal of the debt July 1, 1873, was \$2,234,482,993. On July 1, 1879, it was \$2,245,495,072. As an explanation of the increase it will be remembered that during that period the Government sold of funds for resumption, \$90,000,000, and to replace coin used in payment of the Halifax award, \$5,500,000; which would increase the principal of the debt during that period \$95,500,000. But there were redemptions made by purchase of bonds with the surplus revenue to such an extent that the net increase of the principal of the public debt was \$11,012,078. It should be remembered, however, that for all bonds sold for resumption the Government received an equivalent of cash, thus making no increase in the net total of the debt, but, on

the other hand there was a decrease during that period. The amount of debt June 30, 1873, as shown by the debt statement, which includes principal and accrued interest, less cash in the Treasury, was \$2,147,818,713; while the debt stated the same way on June 30, 1879, was \$2,027,207,256, showing a decrease of \$120,611,457, which was precisely the amount of the surplus revenues for the period, and the actual reduction in the entire debt.

The internal revenue receipts during August were \$10,497,091, as compared with \$9,427,000 during August, 1879.

The coinage during August, was as follows :

GOLD.		
<i>Denomination.</i>	<i>Number of pieces.</i>	<i>Value.</i>
Double eagles.....	77,000 ..	\$ 1,540,000
Eagles.....	115,400 ..	1,154,000
Half eagles.....	375,200 ..	1,876,000
	<hr/>	
Total gold.....	567,600 ..	\$ 4,570,000
SILVER.		
Dollars.....	2,253,000 ..	\$ 2,253,000
MINOR COINAGE.		
Cents.....	2,680,000 ..	\$ 26,800
	<hr/>	
Total coinage.....	5,500,600 ..	\$ 6,849,800

The total number of silver dollars coined to the end of August is 68,267,750, of which 20,772,687 were in circulation in the metallic form, and 7,619,219 in the form of certificates.

On the 1st of September the amount of gold (coin and bars) in the Treasury was \$127,679,279, and the gold certificates outstanding were \$7,661,100. The number of silver dollars was 47,495,063, and the silver certificates outstanding were \$7,619,219.

The changes in the metallic reserves of the Treasury will appear from the following statement :

	<i>September 1.</i>	<i>August 1.</i>
Gold coin and bullion (less outstanding certificates).....	\$ 120,018,179 .	\$ 115,274,645
Silver dollars (less outstanding certificates).....	39,875,844 .	39,261,832
Subsidiary silver.....	2,552,971 .	24,975,713
Silver bullion.....	6,380,258 .	6,081,647
	<hr/>	
	\$ 191,427,252 .	\$ 185,593,837

There is an increase in all the items, but the bulk of the increase is in the gold. The Secretary, as it seems to us, is not justified in accumulating such enormous amounts of cash. At the least, he should appropriate the whole of his accruing surplus to the purchase of bonds. He did not quite do that, either during the fiscal year ending June 30, 1880, nor during the months of July and August. The gold and the silver dollars in the Treasury, less outstanding certificates, were as follows at the dates named :

	Sept. 1, 1880.	Dec. 31, 1878.
Gold.....	\$ 120,018,179 ..	\$ 114,192,759
Silver dollars.....	39,875,844 ..	16,283,978
	<u>\$ 159,894,023 ..</u>	<u>\$ 130,476,737</u>

It will thus be seen that between the day before resumption and Sept. 1, 1880, the full-tender metallic money in the Treasury was swollen by the great sum of \$ 29,417,286.

ECONOMIZING THE USE OF MONEY.

By way of allaying the apprehension that metallic money tends to diminish in its proportion to the exchanges it is called on to perform, it is often said that the economies in the use of money by means of checks and clearing houses, which have been carried to such perfection in the United States and Great Britain, are comparatively unknown in many commercial countries, and notably in France, where their introduction would liberate for the general use of the world a great deal of gold and silver. What is thus said seems to be true, and, so far as it goes, it presents a fair ground of encouragement as to the monetary future. The only question in the case is, with what degree of rapidity France and other nations similarly situated may be expected to adopt more advanced banking practices. If we may judge by the past, progress in that direction is likely to be slow.

The Paris *Bourse*, of a recent date, says :

We wish to see the check, this valuable instrument of commerce, raised to the high position it occupies in England and in America. Everywhere, we may say, the system is better understood, works better, and does consequently greater service, than with us. In our provinces the check scarcely plays any part in commercial transactions; coin or bank notes pass from hand to hand, and simple transfers, for which the check stands, are not much used. With us, in Paris, it is about the same. When a check is given in payment, it is immediately cashed. In other words, the English and American check system is, in this country, in its infancy. People, and by this we do by no means mean only bankers and merchants, but the public in general, are not accustomed to the convenient, expedient and safe way of the check system. To most of them a check is a downright trouble, as they have to cash it, and in consequence thereof they often refuse it. While in England and America the cashier is afraid of hard cash, in France the reverse takes place, and checks are shunned, or at least not much liked.

The clearing house in Paris dates only with 1872, which is ninety-nine years after the first clearing house was opened in London. Its business has made some, but not rapid, progress, as will appear from the following statement from the amounts cleared in the years named :

	<i>Francs.</i>		<i>Francs.</i>	
1873.....	2,142,000,000	..	1876.....	2,593,000,000
1874.....	2,009,000,000	..	1878.....	2,628,000,000

These are very insignificant figures as compared with those of the London clearing house, which have averaged annually, for half a dozen years past, £5,000,000,000, or with those of the New York clearing house, which in 1879 were \$26,578,881,753.

Many persons in France maintain that the steadiness of their financial affairs, as contrasted with the constant fluctuation and crises in Great Britain, is due largely to the fact that the French use at least twice as much money in proportion to the volume of transactions as the English do. But however the French themselves might be affected by going more into the use of checks and clearing houses, there can be no doubt that their doing so would diminish their present large employment of the precious metals, and set large quantities of them free for employment elsewhere.

In this connexion we print below an article from a Canadian journal (the *Montreal Journal of Commerce*, of September 3), which shows how far behind us our Northern neighbors are in the matter of Clearing houses:

We believe that efforts are being made not for the first time to establish a clearing-house system in Montreal. It is believed that the bankers are by no means unanimous in favor of the proposal, but it seems probable that the experiment will be tried. If there was a reasonable chance that Montreal would be the money center of the Dominion, or even of Ontario and Quebec, we should imagine that there could hardly be a doubt that the proposed clearance system would be a complete success, and even on the assumption that the business transactions are rather local than general, still we cannot but think that there are a sufficient number of banks and agencies in Montreal to render it desirable that they should effect their exchanges at a clearing house rather than by messengers. It is little more than a century since the system was first established in London, and it was for a long time deemed a questionable innovation by the leading bankers. Up to the present time the West-End Bankers in London are not admitted to the clearing house, and transact their business there through the city bankers. It is only in modern times that the joint-stock banks, and still later the Bank of England, have been allowed to join the association. The system has been extended to Manchester and one or two other towns. It has also been adopted for several years in New York. The doubt which, we presume, is entertained here is, whether the banks are sufficiently numerous to justify the expense of an establishment. It might, we should imagine, be possible to find a room in one of our larger banks where the experiment might have a fair trial, and it would very soon be ascertained whether it was desirable to make permanent arrangements. There is with many probably a repugnance to change a system which has on the whole been found satisfactory, but if a fair trial could be given to the clearing house, we have no doubt that it would be found impossible to go back to the present mode of making settlements between banks.

THE PRECIOUS METALS.

The following were the metallic reserves of the Bank of France at the dates named :

	<i>Francs in Gold.</i>	<i>Francs in Silver.</i>
Aug. 5.....	766,114,737	1,250,434,833
" 12.....	758,904,646	1,251,030,404
" 19.....	757,359,627	1,259,446,193
" 26.....	761,404,607	1,258,148,967
Sept. 2.....	756,064,465	1,254,805,931
" 9.....	741,269,391	1,258,021,818
" 16.....	731,404,391	1,258,358,818
" 23.....	725,895,391	1,257,813,815

The stock of coin and bullion in the Bank of England was as follows at the dates named :

July 28.....	£ 29,002,887	Aug. 25.....	£ 28,687,552
Aug. 4.....	28,611,738	Sept. 1.....	28,321,299
" 11.....	28,680,207	" 8.....	28,374,655
" 18.....	28,684,519	" 15.....	27,904,299

During the month of August British imports of gold were £ 535,761 and the exports £ 1,117,168. During the same month British imports of silver were £ 551,955 and the exports £ 494,057.

During the month of August British silver exports to India were £ 254,670 and to China (including Hong Kong) £ 26,500, being a falling off of £ 156,570 in the aggregate of silver exports to both countries, as compared with August, 1879. During the eight months ending August 31, the aggregate British silver exports to India and China (including Hong Kong) were £ 4,439,018, as compared with £ 3,900,354 during the same months of 1879.

During the first eight months of this year the shipments of silver of all kinds from San Francisco to China and Hong Kong, were \$ 3,555,085 less than during the corresponding months of 1879. During June, July and August, the only silver shipments to China and Hong Kong were \$ 335,756 in Mexican dollars.

The silver shipments in all directions (including overland shipments to the Atlantic coast) from January 1 to August 31, were as follows :

	1879.	1880.
Bars.....	\$ 5,590,847	\$ 1,828,205
Mexican dollars.....	1,518,853	1,841,271
Trade dollars.....	548,374	1,000
United States and foreign coin.....	1,307,056	107,005
	<u>\$ 8,965,130</u>	<u>\$ 3,777,481</u>

Some San Francisco journals ascribe the falling off of silver shipments to the falling off in the demand in China and India for the metal; but in fact there has been no falling off in that demand so far this year, as compared with either

1879 or 1878. The diminished silver exports from San Francisco to the East have been fully made up by increased exports from Great Britain and the Mediterranean ports. San Francisco ships less silver, for the simple reason that it receives less silver from the mines. The Comstock lode has about dried up, and the silver of Colorado, now the principal seat of the silver production, is brought this way.

From January 1 to September 11 the movement of silver at the port of New York was as follows, viz.: Exports \$3,616,810, imports \$3,672,873. In addition, there is more or less of silver brought in the pockets of immigrants.

The gold production of New Zealand culminated in 1871, when it was £2,787,520. From that point it steadily declined to £1,156,904 in 1879.

The Paris correspondent of the London *Economist*, writing on the 9th of September, says:

"During the past week the bank has lost 15,000,000 francs in gold. Although the bank would not satisfy demands for gold for export, it cannot well refuse small demands for trade requirements, and, as I explained last week, the premium on gold paid by changers and bullion dealers prevents it finding its way naturally back to the bank. The exports from Holland have somewhat relieved Paris during the past week, and the price of Napoleons has remained unchanged. Gold will be soon required again for Spain, for although the quality of the coming vintage is excellent, the quantity will be small, and large imports will be necessary."

A London journal suggests that one cause of the scarcity of gold in Germany is hoarding. It says:

"A population comparatively poor and sparse, accustomed from time immemorial to silver, and often to hoarding what coins it possessed, was suddenly placed in possession of gold, a metal more convenient to hold."

The idea seems merely fanciful, that there has been any more hoarding in Germany in consequence of the change from silver to gold; but of course the abstraction by hoarding has now fallen upon gold instead of, as formerly, upon silver.

It is believed here that some portion of the gold sent into the Western States, within a year past, has been locked up in small hoards. But if nothing but silver, or nothing but greenbacks had been sent, they would either of them have shared the same fate.

According to the *Public*, Judge Burchard, the Superintendent of the Mint, estimates the production of our mines during the last fiscal year and the current fiscal year, as follows:

	Gold.	Silver.	Total.
1879-80.....	\$36,000,000	\$33,000,000	\$69,000,000
1880-81.....	36,000,000	24,000,000	60,000,000

As we interpret the intimations from Washington, these are to be taken as only the provisional opinions of the Superintendent, and he has not yet fixed the exact figures of the production of last year. Nevertheless, even his provisional opinions are entitled to great respect from the accuracy of his sources of information, and from his care and intelligence as a statistician.

The figures of the two preceding fiscal years were as follows :

	<i>Gold.</i>	<i>Silver.</i>	<i>Total.</i>
1877-78.....	\$ 51,206,360	\$ 45,281,385	\$ 96,487,745
1878-79.....	38,899,858	40,812,132	79,711,990

As elsewhere noticed, Judge Burchard finds, that since the close of the fiscal year 1878-9, the consumption of gold and silver in the arts in this country has largely increased. The explanation is ready at hand. The period of extreme depression closed with that year, and the country has since had more means to expend upon objects of luxury and taste.

In his testimony before the United States Monetary Commission, February 7, 1877, M. Cernuschi estimated the gold and silver money of France, including the \$400,000,000 which constitute the metallic reserve of the Bank of France, at \$1,000,000,000, consisting of three-fifths gold and two-fifths silver. There is no reason to suppose that the total quantity has since increased, and if it has not, the gold must have diminished, inasmuch as it is admitted on all hands that the silver now considerably exceeds the \$400,000,000, at which M. Cernuschi estimated it in 1877. In the summer of 1878, M. Say, Minister of Finance, estimated it at \$500,000,000, and there is to-day half of that amount in the Bank of France alone.

Since M. Cernuschi appeared before the United States Monetary Commission, the gold in the Bank of France has fallen off more than one-half, and the silver has doubled.

M. Foville, a French statistician, has recently undertaken to show that the gold in France amounts to \$1,000,000,000, but his methods of reasoning are entirely shadowy and inconclusive.

To be able to agree with him, we must believe that there is in actual circulation \$850,000,000 of gold, inasmuch as the quantity in the bank is less than \$150,000,000.

The drain of gold to which France has been subjected, in consequence of the bad harvest of 1879, has been considerable, but not considerable enough to have caused the existing premium upon that metal in France, if the quantity in use approximated the estimates of M. Foville.

M. Foville's estimate of the metallic money in France in 1878, was :

Gold.....	\$ 1,000,000,000
Silver five-franc pieces.....	576,000,000
Subsidiary silver.....	24,000,000
Total.....	\$ 1,600,000,000

France uses more money than any other commercial nation, but it is not credible, that with one-fourth less population, it uses twice as much as the United States, or that it uses three times as much as Great Britain, whose population is about the same.

Of the French gold coinage since 1795, about seven-eighths have consisted of the twenty-franc piece, known as the Napoleon. Of that particular coin, there had been minted to the end of July, 1878, \$1,421,176,424, but of that amount, \$274,600,000 minted before 1848 must long ago have disappeared. After the resumption of coin payments in gold by the Bank of England, and down to the California discoveries, gold was at a premium for export, and French metallic money consisted exclusively of silver. Of the \$1,146,576,424 in Napoleons, coined since 1848, M. Foville believes that \$800,000,000 was still in existence and still in France in 1878. But he forgets that French gold was scattered broadcast over Europe by the disasters of the Franco-Prussian war of 1870-71, and by the suspension of the French Bank which followed it, and that it was largely by the melting down of Napoleons that Germany was able to acquire her present gold currency.

THE RATE OF INTEREST—HIGH PRICES OF SOUND SECURITIES.

The high and advancing prices in Europe and America of securities recognized and accepted as sound, or in other words the lower rate of interest received upon the market cost of such securities, are everywhere attracting attention. It has been a leading topic of discussion for a year past in the journals and scientific societies of Paris. The London *Times*, of July 20, has an elaborate leader upon it, and it is this expression of English views which we select as a convenient text for some comments of our own.

The salient facts of the situation as grouped by the *Times*, are that English consols are at a price nearly as high as in 1853, when Mr. Gladstone conceived it to be possible to redeem them by an issue of 2½ per cent.; that the French five per cents, although subject to conversion at the will of the Government, are at a premium of twenty per cent.; that the French three per cents are higher by ten per cent. than during the most prosperous years of Napoleon III; that a large Indian rupee loan has just been taken in Paris at a price which yields to the investor barely 4½ per cent.; and that British railway debentures are sold

at rates which yield the purchaser only $3\frac{1}{2}$ per cent. In respect to the investments of the principal insurance companies, the *Times* says:

"For several years past the accounts of many of them have exhibited a steady decrease in the interest they obtain on their insurance fund—a decrease from $4\frac{3}{4}$ per cent. five or seven years ago to four or $4\frac{1}{2}$ per cent. at the present time, so that the interest obtainable on new investments is less as a rule than four per cent., or just at that rate."

In respect to the insurance companies, the observation of the *Times* is not borne out by an elaborate table furnished by Archibald Hewat, an actuary of Glasgow, to the *Scottish Banking Magazine*, of August 2, of the "average rates of interest realized by the eighty-nine Life Assurance Companies of the United Kingdom during the fourteen years 1866-79." The results of this table cannot, it is true, be accepted as entirely certain, because returns from all the companies in every year have not been obtainable, and for the further reason that some companies report the rate of earning upon their funds actually invested, while others report the rate upon their gross funds which include some idle cash and some non-interest-paying bank balances. But taking the table as it is given, it shows an average earning rate of 4.9 per cent. during the whole fourteen years, while the rate for the last two years, 1878 and 1879, was 4.10 per cent.

Passing from facts, to an attempt to give the reasons for them, the *Times* says:

"What we see is mainly the repetition of a phenomenon observable at frequent intervals in civilized States during the last two hundred years, within which period stock exchanges have grown into institutions, and the fluctuations in the securities there dealt in have been observed. In times of peace and in the absence of any great economic changes, such as the invention of railways or extensive measures of colonization, requiring a large outlay of capital in fixed works, there has been a constant tendency for the demands of investors to outrun the supply of suitable securities."

This statement, with all its obscurity, does, nevertheless, pretty clearly involve the assumption that there is something like a permanent tendency in the rates of interest to fall in long periods of time. As a matter of fact, such a tendency has not been shown. The rates of interest were lower in Europe during the middle of last century than they have been during the last thirty years. As one proof of that, we refer to the facts stated in an article in this Magazine of last March, which we reprint below. In England the three-per-cent. consol, first issued in 1751, reached in the following year, 1752, the price of 104, which it has never since attained.

Undoubtedly the normal condition of a civilized community is to increase its accumulations of capital; but there is no *à priori* method of reasoning by which it can be established that the rate of that increase must necessarily be greater than the rate of the increase of the demands for capital. It is of no consequence whether the new capital is wanted for "fixed works" or not. All that is needed to maintain any existing rate of interest is, that the growth of capital should not outrun new calls of some kind for it.

The *Times* is on more solid ground, when it points out as one cause of the lower rates of interest of this year as compared with 1871-2-3, that there have been no great Government loans since the memorable financial operation by which France paid the "five milliards" to Germany, and that some nations, notably the United States, have reduced their debts within ten years. Temporarily, at least, the rates of interest are raised by the negotiation of public loans, and are reduced when such loans are paid off. What the permanent effect of such measures may be is not so clear, and is perhaps dependent upon the particular circumstances of each case. It would seem as if a new supply of capital does sometimes only create a demand for more. The three railroads to the Pacific, now under construction, may absorb from \$125,000,000 to \$150,000,000, and it is not doubtful that the facilities for obtaining the needed amount, whatever it may be, are much improved by the contemporaneous purchase of United States bonds by the Secretary of the Treasury. The new field for investments in mines and mining, mills, foundries, dwellings, farms, etc., which these railroads will open up, will absorb in an incredibly short time ten times as much capital as the roads themselves.

[FROM THE BANKER'S MAGAZINE FOR MARCH, 1880.]

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.

MAINE SAVINGS BANKS AND THE LATE CRISIS.

BY DUDLEY P. BAILEY.

The history of Savings banks in Maine begins with the establishment of the "Institution for Savings for the Town of Portland and its vicinity," which was incorporated by the Legislature of Massachusetts, June 11, 1819, less than a year before Maine became a separate State. The population of Portland in 1820 was 8,581, and of the State, 298,335. The new Savings bank commenced with most flattering success, under the presidency of Hon. Prentiss Mellen, Chief-Justice of the State Supreme Court. It appears to have been somewhat closely connected with the Bank of Portland, and its deposits which reached upwards of \$100,000, were almost wholly invested in the stock of the various Portland banks, with a small amount loaned on personal security. It paid regular dividends at the rate of four per cent. per annum, with an extra dividend every five years. The crisis of 1837 brought ruin to some of the Portland banks, and disasters to all. The average depreciation of the bank stock which constituted almost the sole assets of the Savings Institution, eventually reached about fifty per cent., and the personal securities, through the insolvency of their makers, became nearly worthless. Although the institution had a large nominal surplus, arising from the undivided earnings accumulated for several years preparatory to an extra dividend, its ruin could not be averted. By a vote of the trustees, adopted April 27, 1838, the Treasurer was authorized to decline receiving deposits. Its last dividend of profits was that of January, 1839. The trustees, finding the institution insolvent, voted to pass the regular and extra dividends in July, 1839, and appropriated twenty per cent. of the deposits as a dividend on the principal. In October, 1839, one of the depositors entered a suit at law against the corporation, holding a portion of its assets under attachment, and sometime later another followed. The prospect that a portion of the depositors might by superior diligence obtain more than their just share of the assets, led to the passage by the Legislature, in 1842, of the first general Savings-bank law, not for the regulation of Savings banks while in active operation, but for winding them up when insolvent, by dividing the assets ratably. On the 9th of April, 1842, less than a month after the passage of this Act, the trustees filed a bill in equity (*Trustees of Institution for Savings in Portland v. Makin*) to have the pending suits at law enjoined, and for the appointment of a receiver and a ratable division of the assets. In April, 1845, Charles E. Barrett was appointed

receiver, and William Swan, Charles S. Daveis, and Edward Fox, Commissioners to receive proofs of claims. The Commissioners report gives the amount of claims against the Institution as \$59,780.26, besides an unpaid balance of \$1,436.10 on the twenty per cent. previously appropriated as dividends to depositors. In addition to this, judgments amounting to \$1,547.03, on suits begun in 1839, in which the original deposits were \$1,388.63, and what would appear to have been unpaid dividends on profits, amounting to \$3,377.33, had to be paid in full. The deposits at the time of the failure must therefore have amounted to about \$79,491.28, including dividends declared on account of capital and profits, though the bill in equity states that there were nearly \$90,000, besides dividends; this sum probably including profits. The number of accounts open was 1,016, and more than 600 of the depositors were widows, single women, and minor children.

The receiver proceeded to sell the remaining assets of the Institution, and converted the same into money as follows :

	<i>Cost to the bank.</i>	<i>Received from sale of same.</i>
Cash.....	\$ 2,869 36	.. \$ 2,869 36
161 Shares Casco Bank stock.....	16,315 74	.. 15,984 50
170 " Canal " "	15,481 90	.. 12,756 62
44 " Merchants' Bank stock.....	3,373 92	.. 3,539 50
217 " Bank of Portland stock (ten per cent. previously divided).....	22,246 84	.. 831 69
84 " Manufacturers & Traders' Bank stock....	8,464 68	.. 4,280 00
121 " Exchange Bank stock (forty per cent. previously divided).....	12,404 92	.. 133 50
124 " Bank of Cumberland.....	12,315 68	.. 5,206 25
69 " City Bank stock.....	6,746 12	.. 574 25
Notes and an Execution (nominal).....	4,812 74	.. 601 60
Iron safe.....	—	.. 50 00
One-half of one per cent. dividend on 217 shares Bank of Portland.....	—	.. 108 50
<hr/>		
990 Bank shares and other assets.....	\$ 105,031 90	.. \$ 46,935 77

If the \$7,010 received as dividends on the stock of the Exchange and Portland Banks, be added to the above receipts, the aggregate amount realized from \$105,031.90 of nominal assets, will reach only \$53,945.77, showing a depreciation of assets of \$51,086.13, or nearly fifty per cent. After all deductions there remained about \$40,840.11 to pay claims amounting to \$59,477.60 (\$302.66 of deposits were never called for), giving a dividend of about 68.66 per cent., and leaving a loss to depositors of about \$18,940.15, including deposits not called for. On liabilities at the time of failure amounting to about \$74,725.32, besides those paid in full, the dividends paid would aggregate about 74.7 per cent. Such are the fullest particulars accessible in relation to this failure, which, as being the first among the Savings banks of the United States, and one of which almost nothing has hitherto been known, seemed to claim this somewhat extended

notice. As one result, the chief commercial city in Maine remained for thirteen years without any Savings bank in active operation.

The second Savings bank established in Maine was the Saco and Biddeford Savings Institution, at Saco, organized in May, 1827. The Gardiner Savings Institution followed in 1833, and the Augusta Savings Bank in 1848. These are all in successful operation. The City of Bangor Savings Institution, now the Bangor Savings Bank, the Bath Savings Institution, and the Portland Savings Bank, were organized in 1852. The Hallowell Savings Institution, and the Randall Savings and Benevolent Association at Augusta were established in 1854. The latter, after maintaining a feeble existence until 1861, began to wind up its affairs, which was substantially accomplished in 1867. The Biddeford Bank, established in 1849, the South Berwick, in 1850, and the Lewiston Falls, in 1852, as banks of discount, each had a department for savings deposits, but they were subsequently discontinued, that of the Lewiston Falls Bank in 1860, that of the South Berwick in 1866, and that of the Biddeford in 1867. The Rockland Savings Bank, incorporated in 1855, and the Skowhegan Savings Bank, incorporated in 1856, appear never to have commenced operations, the crisis of 1857 probably arresting their development. The Lewiston Institution for Savings incorporated in 1856, was not organized until 1860. It failed in 1876. This, and the Portland Institution, are the only Savings banks organized prior to the war which are not now in active operation. The Brunswick Savings Institution incorporated in 1858, the Portland Five Cents Savings Institution, incorporated in 1859 (since 1868 the Maine Savings Bank), the York County Five Cents Savings Institution in Biddeford, incorporated in 1860 (since 1871 York County Savings Bank), the People's Bank of Rockland (which never organized), and the Calais Savings Bank, the last two incorporated in 1861, were the only other Savings-bank projects that belong to the period before the war. In 1861 the number of Savings banks reporting was fourteen, including the two banks of discount, the number of depositors 9,818, and the amount of the deposits \$1,620,270.26, against \$867,131 in 1855, when the Savings banks were first made subject to examination by the Bank Commissioners. Of seventeen Savings banks chartered purely as such, before the war, three never organized, one had failed, and another was closing. Still another has since failed, and three others have had their deposits scaled down. Only eight, or less than half the number incorporated, and only one more than half the number organized during this period have enjoyed a career of uninterrupted success. Of sixty-four Savings banks in operation in January, 1875, only twelve were of older date than 1865, and of these, only eleven still survive, a record which shows

plainly the vicissitudes encountered by the early Savings banks of Maine.

No Savings banks were incorporated in the three years 1862 to 1864 inclusive. The close of the war found the Savings-bank interest growing, but still in its infancy. The Savings deposits of the whole State, at that time, were only \$ 3,336,828, or less than those of either of the two Portland Savings banks in 1873, and about equal to those of Massachusetts in 1834. The ten years succeeding the war witnessed a remarkable development, the number of Savings banks increasing more than five-fold, and the amount of deposits nearly ten-fold. During the years 1865 to 1875, inclusive, no less than seventy-six Savings banks were incorporated, of which, however, twenty-three, or nearly one-third, fell still-born. These twenty-three Savings banks comprise eight incorporated in 1869, one in 1870, three in 1871, three in 1872, two in 1873, two in 1874, and four in 1875. The Legislature of 1876 repealed the charters of all Savings banks not organized by August 1st in that year. Of the fifty-three Savings banks which actually commenced in this period the Lumberman's, of Oldtown, which was incorporated in 1867, and which had, in September, 1867, deposits of \$ 27,849, paid off its depositors and finally closed business in 1871; four others have closed voluntarily, paying their depositors their principal, but with some loss of interest. Four of these fifty-three Savings banks have failed entirely, eleven have had their deposits scaled down on an average about twenty-five per cent., and one other, the Wiscasset, is under injunction pending legal proceedings. There remain, therefore, thirty-two of these Savings banks which have successfully met the ordeal of the last fifteen years, giving a proportion of about three-fifths of the number actually commencing business, and three-sevenths of the number incorporated. The proportion of success and failure appears therefore to be nearly the same among the latter as among the earlier Savings banks.

The growing importance of the Savings-bank interest began to attract the attention of the Legislature, which had almost wholly ignored it as a subject for general legislation. As a substitute for the Board of Bank Commissioners, which was abolished in 1868, after the establishment of the National banking system, the office of Examiner of Banks and Insurance Companies, was established in the same year. In 1870, a separate office of Insurance Commissioner was created, leaving to the Bank Examiner, the supervision only of banks and Savings institutions.

The general Savings-bank law of 1869, besides various regulations in relation to the organization of Savings banks, required them to accumulate a reserve equal to five per cent. of their deposits (made ten per cent. in 1872) to meet losses, one-fourth of one per cent. to be set apart semi-annually for

the purpose, before declaring a dividend. No deposit was to be received under an agreement to pay any specified rate of interest. Savings banks were prohibited from loaning money on names alone or to any trustee. Investments had previously been regulated only by the discretion of the trustees. The Treasurer of every bank was required to make a report annually to the Bank Examiner, in such form as he should require, instead of statements made up at different dates as hitherto. A statute, passed in 1872, prohibited investments in unfinished railroads, or railroads whose income did not pay the interest on their funded debt, or in the bonds of any county or town outside of New England issued in aid of any railroad. The names of persons pledging bank stocks were to be returned to the assessors of the several towns. A State tax of one-half of one per cent. per annum was imposed on the deposits for the benefit of schools. Regular dividends not exceeding three per cent. were to be declared every six months, with extra dividends if earned, every four years, reduced to two years by statute of 1873.

The law of 1874 forbids Savings banks to invest in securities issued outside of New England, except United States bonds, and strictly municipal bonds of cities containing 50,000 inhabitants, in New York, Ohio, Indiana, Illinois, Missouri, or Michigan. The State tax was increased to one per cent. of the deposits not invested in real estate, and the deposits were exempted from all municipal taxation. The provisions in relation to the accumulation of a surplus were practically nullified by allowing the banks to declare dividends equal to three per cent. each half year, and to set apart for the reserve only the excess of their net earnings above such dividend. No Savings bank was required to pay any deposit of less than \$500, except upon thirty days' notice, or any deposit greater than \$500 except upon sixty days' notice. No Treasurer in a Savings bank having deposits of over \$150,000, was to be cashier in any National or stock bank, and where a Treasurer of a bank having less than \$150,000 of deposits, was cashier of a National or stock bank not more than one trustee could be a director, and not more than two trustees could be stockholders in such National or stock bank. No officer of a Savings bank was allowed to receive any gift, commission or brokerage on account of any transaction to which the bank was a party, under a penalty of \$100. By Act of 1875 any bond or stockbroker was made ineligible to hold any salaried office in a Savings bank. In 1876 an Act was passed authorizing any number of persons, not less than thirteen, under regulations prescribed in the act, to associate themselves together for the purpose of organizing a Savings bank or loan or trust association, subject to the sanction of the Bank Examiner.

The Legislature of 1876 provided for the appointment of a commission "to codify, amend, or add to the laws relating to Savings banks," and the Act of 1877 represents the results of their labors. This law, which is by far the best and most comprehensive statute ever enacted in the State on this subject, re-enacts many of the provisions already in force, and adds others of a highly useful character. Every corporation must consist of not less than thirty members. It is not allowed to receive from any depositor directly or indirectly, over \$2,000, and no interest can be paid on any greater deposit except in the case of widows, orphans, administrators, executors, guardians, charitable institutions, and trust funds. The deposits can be invested only in the public funds of the New England States, including the bonds of the counties, cities, and towns of the same; in public funds of the United States; in the stock of any bank incorporated under the laws of Maine or of the United States; in municipal bonds of cities of 20,000 inhabitants in New York, Ohio, Indiana, Illinois, Michigan, and Missouri, and in the public funds of said States, and in county bonds thereof, when not issued in aid of railroads; [no investment to be made in city or county bonds in Indiana, Illinois, or Missouri (St. Louis excepted), where the indebtedness exceeds five per cent. of the valuation;] in first mortgage bonds of any railroad company or other corporation of Maine; in stocks of such railroad when not encumbered by mortgage; in stock of other Maine corporations earning and paying regular dividends of not less than six per cent.; in loans on first mortgages of real estate in Maine not exceeding sixty per cent. of its value; may be loaned to any county, city, or town, and on notes with a pledge as collateral of any of the aforesaid securities, including Savings-bank deposit books and the stock of any of said railroad companies, not over seventy-five per cent. of the market value of such stock; may be loaned to said corporations on personal securities, with at least two good and sufficient sureties when the securities pledged are their own stock and bonds; and may be loaned "on such other personal securities as in the judgment of the trustees it will be safe and for the interest of the bank to accept," or Savings banks may deposit their funds in any National or Maine bank on interest. All investments must be charged and entered on the books of the bank at cost, or at par when a premium is paid.

Any Savings bank may hold, for banking purposes, real estate worth not exceeding five per cent. of its deposits and not exceeding \$100,000, also real estate acquired by foreclosure, levy, or in settlement for debt. It must not hold by way of investment, or as security for loans, or both, more than one-fifth of the capital stock of any cor-

poration, nor invest more than ten per cent. of its deposits, or \$60,000, in the stock of any corporation, or have over seventy-five per cent. of its deposits in mortgages of real estate. Loans to any trustee or to any firm in which a trustee is a member, are prohibited. Deposits invested in United States bonds were exempted from taxation, a provision so evidently just and wise as to commend it to adoption in other States.

The provision for accumulating a surplus to meet losses was re-established, one-fourth of one per cent. on the deposits to be reserved before declaring each dividend, until the surplus reaches five per cent. of the assets. Ordinary dividends were limited to two and one-half per cent. semi-annually, with an extra, if earned, every three years. Each institution is to be examined once each year by at least two trustees, also by the Bank Examiner, who may institute proceedings against any bank for sufficient cause, and have it wound up.

One of the most important and useful features of the Act is the provision for "scaling" the deposits of insolvent Savings banks. The full text of the provisions relating to this subject, is as follows, with the amendment of 1880 in brackets: "Whenever any Savings bank, institution for savings, or trust and loan association, shall be insolvent by reason of loss on, or by depreciation in the value of, any of its assets, without the fault of the trustees thereof, the Supreme Judicial Court, in term time, or any Justice thereof, in vacation, shall, on petition in writing of a majority of the trustees and the Bank Examiner, setting forth such facts, appoint a time for the examination of the affairs of such corporation, and cause notice thereof to be given to all parties interested, in such manner as may be prescribed; and if, upon an examination of its assets and liabilities, and from other evidence, he shall be satisfied of the facts set forth in said petition, and that the corporation has not exceeded its powers, nor failed to comply with any of the rules, restrictions, and conditions provided by law, he may, if he shall deem it for the interest of depositors and the public, by proper decree, reduce the deposit account of each depositor so as to divide such loss pro rata among the depositors, thereby rendering the corporation solvent, so that its further proceedings would not be hazardous to the public or those having or placing funds in its custody, and the depositors shall not be authorized to draw from such corporation a larger sum than thus fixed by the Court, except as hereinafter provided; *provided, however,* that it shall be the duty of the Treasurer of such corporation to keep an accurate account of all sums received for such assets of the corporation held by it at the time of filing such petition; and if a larger sum shall be realized therefrom, than the value estimated as aforesaid by the Court, he

shall at such time or times as the Court may prescribe, render to the Court a true account thereof, and thereupon the Court, after due notice thereof to all parties interested, shall declare a pro rata dividend of such excess among the depositors at the time of filing the petition. [Such pro rata dividend may be declared by the Court, whether all or only a portion of such assets have been reduced to money, whenever the Court shall deem it for the interests of the depositors and the public.] No deposit shall be paid or received by such corporation after the filing of the petition till the decree of the Court reducing the deposits as herein provided. If the petition is denied it shall be the duty of the Bank Examiner to proceed for the winding up of the affairs of the corporation."

The era of financial bubbles which culminated in 1873, loaded the Savings banks of Maine with some investments of a very doubtful character. The securities of various kinds paying no dividends, reached \$1,014,652 in 1874, and \$1,190,380, in 1875, including in the latter year, \$478,000 in bonds of the European and North American Railroad, the default of which in 1875, gave a severe shock to the credit of the Savings banks. The Stockton Savings Bank had been gradually dying since 1871, when the deposits were \$14,733. But most of the others stood firm in the public confidence and continued to accumulate deposits until 1875, when the robbery of the Winthrop Savings Bank rendered it insolvent.

Before 1877, there was no law restricting the amount to be received from any one depositor. For several years previous to the panic of 1873, there was evidently a considerable increase of large deposits, as shown by the increase of the average deposit from \$182 in 1865, to \$323 in 1873. In the next two years the evil diminished somewhat, the average deposit falling to \$316, a sum greater, however, by \$134 than in 1865.

When, in 1875, the long-continued depression had impaired the resources and shaken the credit of the Savings banks, it was the large depositors who made the earliest and heaviest drafts. The heavy drain which now commenced, as usual spent its force mainly upon the weaker institutions. The reduction of liabilities, which is nearly identical with the net decrease of deposits amounted, in the whole State, between November, 1874, and November, 1876, to \$3,233,199, and of this sum \$3,202,390, were due to the omission of failed banks from the returns, and to the drain made upon the other banks which have, at some time during this period, been in difficulties. Before January, 1877, there were nine Savings banks which had become insolvent, while three others began to be seriously weakened. The drain continued during 1877

and 1878, and fourteen more Savings banks had to succumb. The year 1879, witnessed a change for the better. Only one Savings banks suspended, and throughout the State the new deposits nearly equaled the withdrawals.

The crisis has brought down twenty-four Savings banks, or three out of every eight in operation in 1875. Twenty of these have been compelled to suspend payment, either temporarily or permanently, with deposits of \$5,789,210.71, or eighteen per cent. of the liabilities of all the Savings banks in 1875. The loss to depositors in the banks which have failed and been placed in the hands of receivers, is about \$272,000, and the loss on deposits scaled, may bring the total up to \$550,000. This does not include the loss of interest. If, on an average, one year's dividends have been lost to depositors in the suspended banks, this, at four per cent. will add about \$231,000 to the above estimate. The sum of \$750,000 or \$800,000 will probably cover all the losses to depositors in Maine Savings banks from the beginning of their existence.

The following tables give the statistics in regard to the Savings banks which have failed, suspended or discontinued :

TABLE I.—SAVINGS BANKS WHICH HAVE FAILED.

<i>When incorporated.</i>	<i>Date of appointment of receiver.</i>	<i>Deposits affected.</i>	<i>Dividend per c.</i>	<i>Loss to depositors.</i>
1819 Institution for Savings in the town of Portland (failed in 1838)	May 27, 1845	\$ 74,725	. 74.7	\$ 18,940
1872 Winthrop Savings Bank	Sept. 27, 1875	114,853	. 73.1	30,895
1869 Solon " "	Dec. — 1875	35,308	. 100*	Nothing.
1870 Bucksport " "	April 25, 1876	163,531	. 70*	\$ 49,059
1856 Lewiston Institution for Savings	May 10, 1876	753,053	. 78	165,672
1866 Newport Savings Bank	Oct. 19, 1878	90,614	. 70*	27,184
Total, six Savings banks		\$ 1,232,084	. 76.3	\$ 291,750
" five " " failed 1875-79		1,157,359	. 76.4	272,810
Per cent. of loss to depositors, 1819-79, six banks				23.7
" " " 1875-79, five "				23.6

TABLE II.—BANKS WHICH HAVE DISCONTINUED VOLUNTARILY, 1861-79.

	<i>When decline commenced.</i>	<i>Deposits.</i>	<i>Date of statement.</i>
1854 Randall Savings and Benevolent Ass'n	1861 ..	\$ 4,228	1862.
1867 Lumberman's Savings Bank	1867-8 ..	27,849	1867.
1868 Stockton " "	1871-2 ..	14,733	1871.
1870 North Anson " "	1876 ..	28,002	May 4, 1876.
1875 Saccarappa " "	1876 ..	1,759	July 26, 1876.
1870 Hartland " "	1876 ..	18,594	Aug. 19, 1876.
Total six banks 1861-79		\$95,165	
" four " 1871-79		63,088	

* In part estimated.

TABLE III.—BANKS OF WHICH THE DEPOSITS HAVE BEEN SCALED.

When incor- porated.	Name of Savings Bks.	Date of decree.	Amount of Deposits at time of decree.	Per cent. of reduc- tion.	Possible loss to depositors.	Amount of Deposits Nov. 3, '79.
1869	† Waterville.....	— 1876*	\$ 427,232	12½	\$ 53,404	\$ 161,420
1858	† Brunswick.....	Sept. 11, 1877	278,847	10	27,828	182,035
1870	† Thomaston.....	Sept. 18, 1877	353,635	30	106,090	126,058
1868	† Orono.....	Oct. 9, 1877	49,206	25	12,301	20,909
1868	† Camden.....	Dec. 11, 1877	228,049	25	57,012	111,860
1852	Bangor.....	Mch. 8, 1878	1,218,966	30	366,011	525,936
1870	Androscoggin Co.	April 20, 1878	575,852	20	115,170	334,548
1871	Pembroke.....	May 3, 1878	26,337	25	6,584	11,739
1861	Calais.....	May 4, 1878	256,183	25	64,046	112,297
1869	Skowhegan.....	July 2, 1878	231,602	25	57,901	129,035
1869	Bridgton.....	July 9, 1878	119,824	25	29,959	42,550
1868	Auburn.....	July 13, 1878	387,601	15	58,140	266,792
1867	Dexter.....	Aug. 19, 1878	178,562	50	89,281	46,135
1858	Franklin Co.....	Sept. 25, 1878	180,625	25	45,156	93,355
14 Savings Banks.....			\$ 4,512,521	24	\$ 1,088,885	\$ 2,164,671
1866	Wisasset Savings B'k	enjoined June 5, 1879.....	119,329	allowed to pay 20 per cent.		
			\$ 4,631,851			

The severity of the shock which the credit of these banks has received is shown in the heavy drain they have sustained in the brief period since their deposits have been scaled. The aggregate of their deposits as reduced by agreement or judicial decree, was \$ 3,423,636.80, since which time there has been a net loss in deposits of \$ 1,258,965.76, or about thirty-seven per cent. None of these banks have, however, succumbed under the ordeal, and confidence in them is gradually returning. All of them report some new deposits received during the year ending November 3, 1879, and since that date the progress of recuperation has been more rapid. The Bank Examiner, Fred. E. Richards, Esq., in reply to an inquiry, makes the following statement, under date of August 14, 1880: "The Dexter Savings Bank has already authority from the Court to pay its depositors the full amount of the 'scale down,' one-half of which was paid in May. The Calais Bank has paid back to depositors fifty per cent. of its reduction, and the Androscoggin County Savings Bank, Lewiston, Auburn Savings Bank, Skowhegan Savings Bank, are restoring the reduction of deposits under the law of 1877, to the credit of their depositors. I think every Savings bank in Maine which found itself obliged, in 1877 and 1878, to avail itself of the privileges afforded by law of reducing its liabilities, will, within the next two years, restore the full reduction to its old depositors." The deposits are reported as rapidly increasing, and many of the banks decline to receive deposits except in small amounts.

The method adopted in Maine of dealing with Savings banks insolvent through misfortune, by scaling down their liabilities, when judged by its results, has much to commend

* Deposits reduced by voluntary agreement of depositors as of April 30, 1876.

† Suspended in 1876.

it when compared with the system of receiverships and forced liquidation, with all its expense, waste, depreciation of assets, general derangement of prices, and industrial paralysis. The aim of this legislation has been not to destroy, but to keep alive. It applies to these corporations the maxim that "the worst use to which a man can be put is to hang him." There is sound economy in preserving the Savings banks in the exercise of all their vital functions. Few Savings banks when wound up by receivers, pay over seventy-five or eighty per cent. on their deposits, and that after years of delay. The depositors in those Maine Savings banks which have had their liabilities scaled, have, as soon as the reduction was decreed, been able to draw at least seventy-five per cent. of their deposits on demand, or the usual notice, except in one case, where the reduction was fifty per cent., and are likely to get the balance in less time than it usually takes to wind up a Savings bank. The deposits in these institutions are thus kept circulating, instead of being so much dead capital. In this respect the law for scaling deposits and keeping the banks in active operation, is a great improvement on the Massachusetts Stay Law, which for two years past has kept about \$20,000,000 of capital in Massachusetts in a state of partially suspended animation, causing no little suffering and inconvenience to depositors. The best dividend that a depositor could get, in the case of any bank restricted under the Massachusetts law, was forty per cent. in the course of the year, twenty per cent. each six months. The lowest immediate dividend made by any Maine Savings bank which had its deposits scaled, was fifty per cent. and in that case twenty-five per cent. more was ready to be paid in nine months, and the balance in about a year. Thus, as to immediate results, the worst that has happened under the Maine law for scaling deposits, is better than the best case under the Stay law, and, when remote results are considered, the balance of advantages promises to be still in favor of the former, though it is yet too soon to make an exhaustive comparison in this respect.

There has been, since 1873, a great improvement in the investments, as will appear from the following comparison showing the securities held in 1855, 1873 and 1879 :

Securities.	1855.		1873.		1879.	
	Amount.	Per ct.	Amount.	Per ct.	Amount.	Per ct.
Mortgages of real estate.....	\$ 53,051 .	6.1 .	\$ 7,319,778 .	25 .	\$ 5,383,617 .	23.4
United States bonds.....	— .	— .	974,104 .	3 .	3,266,521 .	14.2
State and Municipal bonds..	160,130 .	18.5 .	8,086,219 .	27 .	6,909,956 .	30.0
Bank stock.....	108,916 .	12.5 .	660,653 .	2 .	993,937 .	4.3
Railroad stock and bonds... .	184,531 .	21.3 .	4,566,200 .	15 .	2,373,399 .	10.3
Loans on collateral and personal security.....	326,207 .	37.6 .	6,123,002 .	21 .	1,672,533 .	7.2
Real estate.....	— .	— .	231,581 .	1 .	1,061,855 .	4.6
Cash.....	31,071 .	3.6 .	768,141 .	3 .	652,059 .	2.8
Miscellaneous.....	3,225 .	.4 .	826,846 .	3 .	738,785 .	3.2
Total.....	\$ 867,131 .	100.0 .	\$ 29,556,524 .		\$ 23,052,662 .	100.0

In Massachusetts, the proportion of United States bonds is only ten and three-quarters per cent.; three and a half per cent. less than in Maine, a result largely attributable, no doubt, to the unwise policy adopted in Massachusetts of taxing deposits invested in these securities in violation of the spirit of the law exempting them from taxation.

The following table, partly taken from *Keyes' History of Savings Banks in the United States*, shows the growth of the system in Maine:

Year.	No. of Bks. incorporated each year.	No. of Bks. reporting.	No. of open accounts.	Amount due depositors.	Average to each depositor.
1855.....	1	11	\$ 4,500	\$ 867,131	\$ 192.70
1856.....	2	11	4,947	919,571	185.88
1857.....	-	11	* 5,200	968,325	186.21
1858.....	1	12	* 5,200	968,194	186.19
1859.....	1	13	4,997	923,397	184.79
1860.....	1	14	* 8,500	1,539,257	181.09
1861.....	2	14	9,818	1,708,961	174.06
1862.....	-	15	11,833	1,876,165	158.55
1863.....	-	15	* 14,000	2,641,476	188.67
1864.....	-	15	18,506	3,672,975	198.47
1865.....	1	15	18,308	3,336,828	182.26
1866.....	4	18	19,786	3,946,433	199.45
1867.....	2	20	26,197	5,598,600	213.71
1868.....	10	28	30,528	8,032,246	263.11
1869.....	20	37	39,527	10,839,955	274.24
1870.....	7	43	54,155	16,597,888	306.49
1871.....	8	49	69,411	22,787,802	328.30
1872.....	7	54	81,320	26,154,333	321.62
1873.....	5	56	91,398	29,556,524	323.37
1874.....	3	58	95,799	31,051,964	320.78
1875.....	9	63	101,326	32,083,314	316.63
1876.....	-	60	90,621	27,818,765	306.98
1877.....	-	160	88,661	26,898,433	303.38
1878.....	-	159	77,978	23,173,112	297.17
1879.....	-	159	75,443	23,052,663	305.56

* Estimated.

† Including Banks voluntarily closing.

The whole number of Savings banks incorporated has been ninety-three, of which fifty-six still remain in active operation.

It should be added, that the column in the last table, showing the amount due depositors, includes reserve fund, profits and all other liabilities. The deposits proper, in 1879, were \$20,978,139.92; other liabilities, \$2,074,523.08.

BRITISH PROGRESS.

The *London Times* makes a statement of the progress of Great Britain and Ireland in the last ten years, which shows in *percentages* as follows: Population has increased 11 per cent.; revenue, 8; public wealth, 30; commerce, 13; shipping, 16; textile manufactures, 29; minerals, 45; railway traffic, 45; post office, 45; schools, 122; public morality, 13; welfare of the poor, 19.

The attempt to bring "public morality" and the "welfare of the poor" within a scale of percentages, is opening a new branch of statistics.

THE GROWTH OF LONDON.

We referred recently to a statement that 20,000 houses were built in London during the year 1879. We have since seen the figures of the increase during the six years ending December 31, 1879, of houses within the districts of the eight London water companies. The number was 492,005 on the 1st of January, 1873, and 573,792 on the 31st of December, 1879, being a gain in seven years of 81,787, or about one-sixth.

The increase of houses in 1879 was 21,720, which was exceptionally large. In 1873 it was 14,980, and in 1878 it was 14,954. In 1876 it was 8,763. In each of the years 1874, 1875 and 1877 it was about 7,000.

It is manifest from these statements that the extent of the building in London is a very poor criterion of the prosperity either of that city or of England. The year 1878 and the first two-thirds of 1879 witnessed the culmination of the depression in trade and manufactures, which commenced in 1873-4, aggravated by the general failure of the wheat harvest last year and the year before. The fact that the number of houses erected in London in 1879 was more than double the annual average of the number erected during the preceding six years, is not attributable to conditions of prosperity, but to the low prices of labor and materials, and especially to the circumstance that productive interests were so broken down, and faith in other investments so much shaken, as to make building one of the few investments which promised any tolerable degree of safety to the employment of capital.

The above statements give the increase in the number of houses during the years named. The figures of the houses built, if they could be obtained, would be somewhat larger, as they would include the cases, more or less numerous, where new houses were substituted for old ones demolished or destroyed by fire.

London papers give the report for the first six months of 1880, of the Improved Industrial Dwellings Company, from which it appears that the company has purchased twenty-six parcels of land on which it has erected 3,229 houses, that 692 more are in the course of construction, that these 3,921 dwellings will be occupied by "nearly 20,000 persons," and that the expenditures have so far amounted to £665,567. The affairs of the company are reported to be flourishing. It would seem that so far at least as this particular company is concerned, the work of building houses in London is still in active progress.

It is well known that within a few years past, an unusual degree of attention has been paid to the extension and improvement of house accommodation for people of small or moderate means. It has been found entirely practicable to make a benevolent management in that respect entirely consistent with a fair and safe remuneration for the capital employed. The success in both aspects of the Peabody building fund, which is familiar to everybody, has served very much to efforts in that direction in London, which will, it is to be hoped, find imitators on this side of the Atlantic, and especially in New York, where they are so much needed.

SCOTCH CONSERVATISM IN BANKING.

An article in the *Scottish Insurance and Banking Magazine*, of August 2, an Edinburgh publication, shows that in banking matters the Scotch are even more tenacious of old ways and old things than the English.

They are now discussing in Scotland the possibility and expediency of starting a new bank, and it seems that no such novelty has been known there for forty years. Our Scottish contemporary says:

"In our number for September last we discussed the practicability of successfully establishing another bank in Scotland, and since then at least one definite effort has been made towards accomplishing this object. At first sight it does seem a strange circumstance that in a country like Scotland where banking is more highly developed than almost anywhere else, no absolutely new banking establishment (with one insignificant exception) has been formed within the last forty years, and this while the number of existing establishments has been steadily on the decline. We by no means say that this is matter for regret, for, although a considerable amount of competition is necessary to the efficient development of business facilities, yet financial affairs are of so delicate a nature that the dullness of monopoly is preferable in the public interest to the fever of over-competition. Of course in the case of Scotland there are circumstances peculiar to itself which have produced this absence of banking enterprise. The limitation of the right of issue to banks existing in 1844 is the greatest barrier. It has always been thought, we believe erroneously, that a bank without issue would have no chance in competition with the present issuing establishments. Another difficulty is the very extended way in which the existing banks have occupied the field. No other country in the world has so large a number of bank

offices in proportion to population as Scotland. Moreover, past experience has created a strong prejudice among Scotch people against anything new in the shape of a bank; and a correspondingly great confidence in the old institutions—feelings which it may be believed have been intensified rather than diminished by the recent banking disasters.”

Elsewhere in this article we find the following paragraph:

“The one attempt which we have said has actually been made in the way of promoting a new bank hails from Dundee. Now that great seat of the jute trade, the third city of the country for population if somewhat lower on the list in respect to art, science, education, and the accomplishments and amenities of life, has produced many good things, and many men who have deserved well of their country. But, without special reference to the present movement and its promoters we incline to the belief that most persons would prefer another origin for any new bank which it may be intended to set up. Dundee is essentially a commercial place, and although commercial men have a great hankering after banking, and often think they could extend its efficiency and importance if they got their hands in, students of Scotch banking know too well that nearly all the serious evils that have arisen in connection with it, have been occasioned by too great a preponderance of the mercantile element in its direction. Who were the private bankers who figure most conspicuously in the list of Scotch bank failures? Those who retained their commercial predilections during their banking career. What class of promoters got up the banks of the present century which have passed away? Successful merchants and shopkeepers who erroneously imagined that the ability which could rule in merchandise must be sufficient to control credit.”

What the writer might have said in briefer and plainer language is, that the true place for a new bank is Edinburgh, the time-honored political capital, so long and justly famed for its high rank in “art, science, education and the accomplishments and amenities of life,” rather than Dundee or Glasgow, the modern seats of a mushroom growth of commerce and manufactures. No true and loyal citizen of Edinburgh can really feel that the management of so delicate a thing as credit can ever be safely left to those who are nothing, after all, but “successful merchants and shopkeepers.” Although he may not think it worth his while to say so in so many words, he sees in the late terrible banking disaster at Glasgow, decisive confirmation of his belief that in Edinburgh alone are to be found the genuine elements of sound and reliable finance.

BRITISH DISPOSABLE WEALTH.

In a paper read April 3, 1878, before the British Society of Arts, Ernest Seyd drew a distinction, which clearly exists, between that portion of the wealth of the United Kingdom, which is fixed in home investments, and that portion which is disposable in its dealings with other nations. To the last description of wealth he applied the terms "external" and "international," and he summed up its average amount in 1872-3-4, as follows :

Foreign and colonial public stocks.....	£ 650,000,000
Shares and bonds of foreign and colonial railways and other public works.....	210,000,000
Estates, industrial enterprises and stock in banks in foreign countries and in British colonies.....	80,000,000
Balances of goods afloat and abroad.....	85,000,000
Shipping (six million tons).....	75,000,000

£ 1,100,000,000

He estimated that during the three years, 1875-6-7, a reduction of at least £ 105,000 resulted from the excess of the adverse balances of British foreign trade beyond the amount received as income upon British investments abroad, and by way of freights and profits in international commerce, and that there was a further reduction during the same time of £ 55,000,000 through the bankruptcy of Turkey and certain South and Central-American nations.

During the years 1878, 1879 and 1880 there have been no national defalcations of importance, but the balances of trade against the United Kingdom have been much greater, and the reduction of British international wealth must have been as large upon the whole as during the three preceding years.

Ernest Seyd gives the method of calculation by which he arrived at £ 650,000,000 as the figure of the foreign and colonial public stocks held by British owners, and it appears that he reckons all such stocks at their par or nominal value, including the comparatively worthless securities of Turkey, Spain, Mexico and the various countries of Central and South America. It is very doubtful if the actual value of this £ 650,000,000 was in 1878, is now, or ever will be, one-half of the nominal figures.

The disposable wealth of Great Britain has fallen off largely since 1874, in all items except the single one of shipping, and even as to that the doubt remains whether there has been any increase of value at all proportionate to the increase of quantity. All British writers entitled to any attention recognize this diminution as being certain and large. The *London Times*, in describing it not long ago, applied to it the strong epithet of "enormous."

The London *Bullionist*, of August 7, says :

"The metropolis has been denuded of a portion of its banking capital by the necessity to meet debts to foreign countries. We have at last begun to feel the crippling effects of an import business that has too largely outstripped our exports."

There still remains the question, to what extent the enhanced value or purchasing power of money since 1872-3-4, over commodities, land and labor, may have compensated Great Britain for the loss of quantity in the foreign securities held there. What the causes of the increased purchasing power of money within seven or eight years may have been, involves debated and debateable points, but that there has been an increase, and a large one, is not controverted. In that particular Great Britain has been a gainer as the owner of credits extended to other parts of the world, and this gain will be still further augmented if the purchasing power of money shall continue to grow greater.

For the last half dozen years Great Britain has been selling securities in order to protect its gold reserves against the effect of an adverse annual balance of trade greater than the annual income which it draws from sources outside of itself. Such a selling of securities cannot go on forever, and in some way the balance of trade against Great Britain will be brought within proper limits. The producing and manufacturing power of its rich, skilled and vigorous population is enormous. British wages have been already reduced, but are still distinctly higher than on the continent of Europe. Many downward steps are yet to be taken before they fall to the starvation point. In the struggle for the possession of the world's markets Great Britain still has resources which have not been touched.

A FRENCH RULING.—The Paris correspondent (Sept. 9) of a London journal says: "A decision of the Paris Civil Court has caused some dissatisfaction in business circles, as being of a nature to prejudice the rights of creditors of insolvents. By various laws of the first Republic, titles of Rente are declared to enjoy an immunity from seizure or attachment by creditors or others. The application of that principle has been more than once contested, and decisions of the Court of Cassation in 1859, and the Court of Orleans in 1878, laid down the law that Rente belonging to an insolvent must be comprised among the other assets. The Paris Court has now ruled in an opposite sense, on the ground that as the creditors personally have no power to distrain or attach Rente, the assignee of the bankruptcy cannot have greater powers than the parties he represents. The question is of great importance, for if the decision is not set aside, a dishonest debtor will only have to convert his property into Rente to place it beyond the reach of his creditors."

IMMIGRATION FROM EUROPE.

In the London *Economist*, of August 7, we find the following paragraph:

"In the first six months of this year 50,442 persons have emigrated from Germany through the ports of Bremen, Hamburg, Stettin and Antwerp. During the last six years (1874-1879) the average emigration in the corresponding period of the year has been only 16,958 persons. Thus the number this year is fully three times the average. This is a sufficient witness to the severity of the recent commercial and agricultural depression in that country."

The conclusion which is drawn in the above paragraph, although a plausible one on the face of it, is exactly contrary to the truth of the case. The error lies in overlooking the fact that the magnitude of the volume of emigration depends, not upon the single factor of the distress existing in the country emigrated from, but upon the two factors of the distress existing there, and of the real or supposed attraction of new homes elsewhere.

The increased emigration from January in 1880 does not arise at all from any such fact as an increased severity of the depression in Germany. There is no such fact. That country has been suffering intensely for six years from a fall in prices and consequent stagnation in industry and augmenting pressure of debts, but the suffering there is well known to be less now than it has been. In the very same number of the *Economist*, from which we have copied above, there is a letter from Vienna, which says:

"Intelligence from nearly all parts of Germany leads to the supposition that industry is reviving. Machinery manufacturers are receiving plenty of orders; linen mills, cloth and silk manufacturers are once more busy. From Solingen it is stated that large orders for arms have been received, and that the export of knives is steadily increasing. The output of the Westphalian coal mines is increasing; thus, in the second quarter of 1880, 102½ million cwts. of coal, worth 24,000,000 marks, were produced, against 92,000,000 cwts., worth 18,000,000 marks, produced during the second quarter of 1879."

What has happened is, that the German emigration, which is principally to the United States, has been stimulated by the improvement in the business of this country which began to manifest itself in July of last year, and by the increasing appreciation everywhere in Europe of the future of America. The recent impulse to the German movement this way is, in its essential features, exactly like the same impulse mani-

fested at the same time in Ireland. The desire of the Irish to get away from home has been strong and pervading all the time for years past, but when no work for them was to be found here, their friends had neither the means nor the disposition to aid them to cross the Atlantic.

A British statistician has pointed out that emigration thence has in most instances fallen off, when the times were the worst in Great Britain. As a matter of fact this is so, but it is absurd to explain it by saying that the worse men are off the more strongly they cling to their existing condition. The true explanation is, that most commonly when times have been bad in Great Britain, the cause has been a general one which has made them also bad in the countries to which the British are accustomed to migrate.

There are always inducements enough for large masses of the European populations to desire a change of residence. What is sometimes lacking is a condition of things anywhere else to justify them in emigrating.

SOUTHERN CROPS AND CREDITS.

The Manchester (Eng.) *Courier*, of August 17, has a correspondent in Barnwell county, South Carolina, who says: "The published reports of various county auditors in this State show that for the first six months of the year there have been about thirty per cent. more crop mortgages recorded than for the corresponding period of 1879."

This increase of crop mortgages is ascribed, not to any uncommon deficiency of cash on the part of planters and farmers, but to their desire to extend their cultivation of cotton, which was a profitable crop for them last year.

No figures are given, except for Marlborough county, where the crop mortgages, which were 900 in the season of 1879, increased to 1,153 in 1880. That seems to be a large number of securities of that kind in a single county. The rate of interest exacted in such transactions is reported to be high, and the necessity of paying it either enhances the prices of Southern staples, or reduces the remuneration of the cultivators, or perhaps does both things. Of course those who must live by agriculture, and who cannot raise crops without borrowing, must needs borrow; but it is a great drawback upon the prosperity of the South that the proportionate numbers of such persons are so large. The same credit system which prevails between the advancers of money or supplies, and the farmer or planter is, in turn, and perhaps from necessity, carried into the relations of the farmer with his laborers. It will not be reformed by declaiming against it, or by pointing out its mischiefs. It is a part of the in-

heritance from the old system of planting by slave labor, and has all the tenacity of a confirmed habit. It will disappear with a new growth of saving and thrifty practices, which are now believed to be making good progress in many parts of the South. In the end, when those who plant with their own means and without borrowing become numerous enough, they will drive out those who plant through the costly expedient of credit, by the resistless force of an ability to sell at cheaper rates. Many Northern industries have heretofore undergone changes of that kind.

What the average cost per pound of raising cotton will be, when the bulk of it is produced without borrowing, remains to be seen, but it will be sensibly lower than it is now. The price may, or may not fall, at once, in exact proportion to the fall in the cost. If it does not, which is most probable, the cultivators will get better profits, and that is always for the general benefit of the country in respect to a crop, the larger part of which is exported.

A constantly increasing proportion of American cotton is being raised by the cultivators and their families, without hiring any labor, except a little in picking time; and of such cultivators, many also produce their own food at the same time. Such persons cannot only raise cotton at a minimum cost, but they are ordinarily in a condition to hold the article, if the market promises to be an improving one.

THE PUBLIC DEBT.

Comparing the policy of putting the debts redeemable in 1881 into long bonds, not repurchasable without the cost of heavy premiums, with the contrary policy of paying off those debts within a short period, a city contemporary, *America*, makes the following excellent suggestion among others, in favor of a steady and continuous discharge of the National obligations :

It will compel economy in the administration of government, while an accumulation of money in the Treasury, which could not be used for the purpose of extinguishing the National debt unless at a premium, would very probably lead us into a system of extravagant expenditures, which many a public man of progressive tendencies would find plausible arguments to recommend and vindicate.

From many points of view it is desirable that the financial policy of the National Government should be characterized by an economizing and debt-paying spirit. This policy has a controlling influence in determining the conduct of our State and municipal affairs, and we may expect a wise or an extravagant administration in every part of our political machinery according to the spirit ruling at Washington. With all our decentralization we cannot avoid the contagion of example.

So long as the debt is kept within reach, so that its liquidation shall not be embarrassed by the odium of paying premiums to purchase it up, the natural desire of the country to see it reduced will be a strong, as it certainly is a much needed, check upon the tendency of Congress to extravagance. In public as in private affairs, a "debt-paying spirit" is always an "economizing" force.

Our contemporary is so much impressed with the objections to an indefinitely perpetuated debt that it declares a preference for even leaving the fives and sixes as they are, if nothing better can be done, rather than change them into long bonds, at no matter how low a rate of interest. Fortunately, we are not driven to a choice between those two things. We can extend so much of the debts of 1881 as we cannot meet with cash on just such terms of time as we may think to be best adapted to our probable future means of payment. We can make them payable by successive annual instalments, or can float them by Treasury notes on short terms, after the manner in which a part of the British debt is managed by successive sales of exchequer bills. Either of these expedients, and especially the last, will enable us to borrow money even more cheaply than on long bonds. It is much more true now than it was in 1813, when Albert Gallatin made his report upon the best methods of supporting the then pending war with Great Britain, that money can be borrowed upon one-year Treasury notes for "considerably less interest" than upon "funded stock."

The principle which governs in such cases is a very simple and plain one. When current rates of interest are high lenders prefer long securities, so as to make sure over extended terms of rates which they expect will fall. But when current rates are low, they prefer short securities, which will return them their capital to be used in what they hope will be the better market of the near future.

We, however, quite agree with *America*, that the rate of interest is less important than such an arrangement as will leave the country free to pay debts off substantially at pleasure. It was that view which decided Mr. Chase to reserve, in nearly all the bonds he issued during the civil war, the power of paying after five years from their dates. Col. Benton pertinaciously insisted that the correct mode of stating the liability of the Government on a bond was to add to the principal the whole of the interest down to the time when the bond could be paid. If he had been living in December last, when the proposition was made to issue \$800,000,000 of thirty-year bonds, he would have characterized it as a proposition to tie the country up with an obligation to pay \$1,760,000,000.

COST OF THE UNITED STATES PENSION SYSTEM.

The probable outlay for a few years to come, under the pension laws of the United States, must occupy a very prominent place in financial discussions. This outlay is already just about equal to what the interest on the National debt will be after those portions of it which become redeemable in 1881 are put into new forms and at lower rates. As time goes on, the National interest account may be expected to diminish still further, and will certainly do so if Congress reflects the almost unanimous public opinion in favor of a steady reduction of the National debt. On the other hand, the pension account may be largely increased by new legislation.

Mr. Bentley, the Commissioner of Pensions, made some interesting observations on the subject at a meeting of ex-soldiers, in August, at Pittsburgh, which we find reported in a city paper, the *Tribune*, and a portion of which we sub-join. Mr. Bentley made no estimate of the amount to be paid this year, or in future years, under the head of Arrears of Pensions, but he expresses the opinion that the regular pensions and the first payments to persons newly placed on the pension rolls, will soon reach \$50,000,000. The regular pensions alone would amount to \$56,000,000 annually if the claims already made are all allowed, which, however, is not to be expected. It is very plain that there should be no reduction of the public revenues until the probable outgoes on account of pensions can be more definitely fixed.

As reported in the *Tribune*, Mr. Bentley said :

On the 30th of June last there were 245,000 pensioners. Including the first payments to pensioners, whose cases were settled during the fiscal year ending on that day, there was paid out for pensions \$36,000,000, exclusive of arrears which amounted to \$21,000,000 in addition; so there was paid out for pensions during the fiscal year \$57,000,000. Considering the number of claims now awaiting settlement, he thought it certain that the regular pensions and first payments to the new pensioners will in the aggregate continue to increase until they shall have reached \$50,000,000 in amount, and perhaps a greater sum. Great as the interest of the pensioners whose cases have already been settled has grown to be, the interests of those persons who have unsettled claims represent a still greater sum, and it is being daily increased by the new claims which are continually coming forward,

On the 30th of June last there were before the office awaiting settlement 280,000 claims for original Army and Navy pensions, involving an average first payment amounting to \$1,100 in each case, or a total of \$308,000,000 for first payments alone. In addition there were 7,000 unsettled claims for the war of 1812 and the Mexican and Indian wars. The annual average of the pensions of all classes is \$105 to each pension.

MAGNITUDE OF THE PENSION INTEREST.

In order to impress more clearly the magnitude of this interest, he re-stated the case briefly in another form, as follows:

First—The whole number of persons directly interested in the pensions, either as the actual recipients or claimants, is 532,000. It should be borne in mind, he said, that these figures represent the condition of affairs on the 30th of June last, and that since then new claims have been filed at an average rate of 150 per day.

Second—The regular annually accruing pensions of the whole 532,000, counting the claimants as already pensioners, are \$56,000,000.

These annual pensions are sufficient to pay the interest upon fourteen hundred million dollars of four-per-cent. bonds. Add to this sum the \$308,000,000 arrears or first payments upon the pending claims, and we find the enormous amount of seventeen hundred and eight million dollars standing as the capital or representative of the pension interest as it was on the 30th of June last, a sum nearly equal to the whole public debt of the nation.

In order not to fall into any misunderstanding, it must be borne in mind that he was speaking of the individual interests of pensioners and pension claimants, and of the amount of these interests in the aggregate as they appear to them. The point which he wished to have clearly comprehended was that these interests, which in the aggregate are so immense, to the pensioners and pension claimants are real and as sacred as the real and expectant interests of other classes of our citizens are to them, whether they consist of property or money in possession, debts or claims to be paid in the future, or even the favorite Government four-per-cent. bonds.

The 532,000 directly interested persons are distributed throughout the country, as nearly as can be calculated, about as follows: In the States north of Maryland and the Ohio, and east of the Mississippi and Iowa, Minnesota and Kansas on the west, from 2,000 to 3,000 in each Congressional District. In the States of Maryland, West Virginia, Tennessee, Kentucky, Missouri, and the States on the Pacific coast, with the Territories in proportion to population, from 1,000 to 1,500; and from 300 to 500 in the Congressional Districts of the Southern States.

In regard to discovered frauds, Mr. Bentley said that during a little more than three years, beginning July 1, 1876, 500 fraudulent pensioners were discovered and their names dropped from the rolls. In order to prove their claims they had filed 4,397 affidavits. Of these, 3,084 were utterly false; and of the false affidavits 386 were made by officers belonging to the commands of the soldiers who made the claims. There were also 92 forgeries committed. Before these fraudulent cases were discovered the Government had paid upon them \$527,935.13. When it is remembered that the Commissioner is not authorized to search among the pensioners for fraudulent claims, but must wait until some circumstance throws suspicion upon them, it will readily be seen that these are not all, nor more than a very small percentage, of the fraudulent pensions.

CURRENT EVENTS AND COMMENTS.

PETROLEUM.

The history of the petroleum business is one of the most remarkable in the annals of trade. In 1862 petroleum was included by the Custom-House officers in the list of unenumerated articles—its export figures were so small. They were only 155,874 gallons, valued at \$27,839. In the fiscal year 1879-80 the figures were 425,785,796 gallons, valued at \$37,109,258. In 1866 the average export value was 48 cents per gallon; in 1869, 31 cents; in 1877, 20 cents, and in 1879-80, a little over 8 cents. The consumption, home and foreign, is constantly increasing, but the supply appears to be inexhaustible.

IMMIGRATION IN AUGUST.

There arrived in the customs districts of Baltimore, Boston, Detroit, Huron, Key West, Minnesota, New Bedford, New Orleans, New York, Passamaquoddy, Philadelphia, and San Francisco, during the month ended August 31, 1880, 58,972 passengers, of whom 50,508 were immigrants. Of this total number of immigrants arrived, there were from England 6,239; Scotland, 1,737; Wales, 77; Ireland, 6,157; Germany, 11,918; Austria, 1,235; Sweden, 3,003; Norway, 1,677; Denmark, 492; France, 412; Switzerland, 650; Spain, 49; Portugal, 49; Holland, 281; Belgium, 151; Italy, 624; Russia, 576; Poland, 204; Finland, 37; Hungary, 487; Dominion of Canada, 13,506; China, 396; Cuba, 111; all other, 436.

CHINESE IMMIGRATION.

The minister of the United States at Peking informs the State Department, that the United States Consul at Hong Kong has reported to him that during the quarter ending June 30, 1880, emigrants numbering 5,002 left Hong Kong for the United States, of whom seven were females and forty-four were boys.

IMPORTS OF BRITISH IRON.

The exports of iron and steel of all kinds from Great Britain to this country during August, were 67,150 tons. In September of last year, when the flow of iron in this direction began to set in, the receipts of all kinds amounted to 83,502 tons. The influx continued increasing until in November it amounted to 158,427 tons. The following month's shipments showed a falling off to 127,766 tons, but then the tide again turned this way and was kept up until the maximum, 234,478 tons, was reached in April last. Since that time the state of the home market has materially lessened the imports, which in July were reduced to 64,336 tons.

TAXATION IN ILLINOIS.

The following are the comparative valuations for 1879 and 1880, as returned to the State Auditor by the assessors of the several counties:

	1879.		1880.
Personal.....	\$ 151,629,963	..	\$ 165,091,710
Land and lots.....	589,775,376	..	571,599,696
Railroad property.....	3,337,507	..	2,769,503
	<hr/>		<hr/>
Grand aggregate.....	\$ 744,742,846	..	\$ 739,460,909
Decrease.....	<hr/>		5,281,937

VALUATION OF BOSTON.

The Boston *Advertiser* says: "The valuation of Boston for the current year reflects the improvement in business that has taken place, resulting in a general rise of values. The total valuation is \$639,089,200, which is an increase of \$26,000,000 over last year. From 1861 to 1874 there was a steady and uninterrupted rise in the valuation until 1874, and from that time until 1879 as steady a decline. The gain this year is about \$9,000,000 more than the loss last year."

OHIO.

The tabulation of the "wealth, debt and taxation" of the State of Ohio has just been completed by the Census Office, and exhibits a large increase in the valuation over 1870, and a marked increase in the debt, the latter being almost exclusively in the large cities. The bonded and floating local debt is as follows: County debt, \$2,962,648.14; city debt, \$38,571,388.66; town, village, township debt, \$1,668,934.43; bonded school debt, \$1,451,197.35; total local debt, \$44,654,168.55. Besides the local debt there is a funded State debt consisting of loans amounting to \$6,476,505.30, and an irreducible State debt of trust funds amounting to \$4,289,718.52, making a grand total of State indebtedness of all kinds amounting to \$55,420,692.37. By the census of 1870, the total local debt was \$12,509,910. This increase in local indebtedness has been chiefly in the large cities, and most conspicuously in Cincinnati, which has invested something like \$20,000,000 in a railroad to Chattanooga.

OPENING THE NORTH-WEST.

The extension of the Chicago and Northwestern Railway towards the Black Hills leaves the main line of the Winona and St. Peter Railroad at Tracy Station, Lyon County, Minn., and is projected in a very direct westerly course across the Territory of Dakota, with lateral branches. That portion of the line in Minnesota is called the Chicago and Dakota Railroad; and that portion of the line lying in Dakota takes the name of the Dakota Central Railroad. The length of the extension to the Missouri River will be about 250 miles, and up to the present time 170 miles of the road have been completed, and the track laid with steel rails. It is expected that the work will reach the Missouri, and a branch be constructed up the Valley of the James River during the present year. A vast area of agricultural land in the region traversed by this line has already been taken up for settlement.

THE CATTLE TRADE OF MONTANA.

To illustrate the extent of stock raising in Montana, General Manager Sargent, of the Northern Pacific Railroad, informs the St. Paul *Pioneer Press* that there are now within six days' drive of the end of the track a sufficient number of cattle to load 250 cars. One hundred and fifty car loads of these belong to J. L. Driskill, formerly of Austin, Texas, who has driven 6,000 head from that state to the Upper Valley of the little Missouri. He will send 2,160 head to market over the Northern Pacific this season, and the remainder next year. Mr. Driskill has been engaged in stock-raising for fifteen years, and says that he has never seen any country to compare with that in which he is now located; in short, that there is no such grazing belt as that of the valleys of the Yellowstone and its tributaries.

NORTHERN PACIFIC RAILROAD.

A telegram, Sept. 20, from Philadelphia, says: "The Northern Pacific Railway Company has just completed the sale to a colony of Germans, of ten townships of land on the Pend d'Oreille Division of the road, at \$2.60 per acre, cash. It is learned from trustworthy authority that this sale will net the company over \$300,000, and this amount will be used in retiring the bonds of the division on which the land is located. Offers, it is stated, have been made by the Burlington and Quincy, the Chicago and Rock Island, and the Chicago, St. Paul and Milwaukee roads, to extend and complete the eastern division of the Northern Pacific. Several meetings, having this object in view, have already been held. The Oregon Railway and Navigation Company is, at the same time, negotiating with the Northern Pacific management for the building of the western division of the road, and there is the best authority for saying that this project will be consummated.

NORTHWESTERN CEDAR AND TAMARACK.

The despised cedar and tamarack swamps of Michigan, Wisconsin and Minnesota, are daily becoming of greater and still greater importance in the lumber interest of the West, and the lands which the lumberman of five years ago would not accept as a gift if compelled to pay taxes upon them, are now ranking in value with the pine lands of even favored sections, as they stood ten years since, and are each year looked upon as possessing greater and increasing value. The character of the trade in cedar posts, railroad ties and telegraph poles, carried on as it is in the main, by farmers, homesteaders and nomadic laborers, forbids the collection of reliable, or to any great extent detailed, statistics of its extent and importance, although it is rapidly developing into a branch of the lumber trade, and concentrating in the hands of intelligent operators, so that in one or two years more it may be possible to gather reliable data regarding it.

AMERICAN PROSPERITY.

Herapath's (London) *Railway Journal* says: "Vast prosperity is expected to set in for the United States. This will result—1st, from the splendid crops of that great country; and 2d, from the Yankee's wide-awake protection policy as against our manufactures, and in favor of their own—a policy that may be antiquated and narrow, and which would have proved to be so had we met it as probably Cobden himself would have advised had he been living, but which, under our hard and fast adherence to 'principle' has operated against us. The Americans are on the eve of not merely great but vast prosperity, and they know it.

"In one respect the Englishman, free to act for himself, and not crippled by Parliamentary 'policy,' will participate in the benefits America will derive. This will be in the capacity of a shareholder or bondholder of American railways. The shares and bonds of leading American railways are extensively held here, and they are all destined to reach much higher values."

CANADA.

The following figures show the number of immigrants into the United States from British North America and from all other countries for a number of late years:

	<i>From British N. America.</i>	<i>From all other Countries.</i>
1879.....	31,268	146,558
1878.....	25,568	112,901
1877.....	21,916	119,941
1875.....	24,051	203,447
1874.....	32,560	270,779

Some persons say, in view of these figures, that Canada is being depopulated, but this is a great mistake. The natural increase of its population is at a greater rate than in this country, and is more rather than less than 80,000 per annum. In addition, Canada receives a good deal of immigration.

FARMS IN CANADA.

The *Montreal Journal of Commerce*, of August 20, says: "Real estate is the first to feel any depression in the country, and the last to profit by any revival of trade. In this respect the counties west of Toronto are glaring illustrations, and the freedom, not to say recklessness, with which loan companies scattered abroad their money to farmers at nine to twelve per cent. interest, is being punished in many cases by the loss of principal, the lands not realizing at sale anything like the amount due on them. Probably one-half of those who obtained loans in more prosperous years will not be able to retain their freeholds, whilst the inducements held out by the West and Northwest open lands make many indifferent about redeeming their too heavily encumbered farms."

A correspondent of the same journal, writing on the 12th of August, from Dundas in the Province of Ontario, says: "There is a general and marked depreciation in the value of farms, the extent of which may be surmised from the fact that improved farms for which ten thousand dollars were refused in 1865, could now be had for six thousand."

BESSEMER STEEL.

The *London Times* gives some highly interesting facts, showing how enormously the inventions of Bessemer have advanced the production and uses of steel. From this article it appears that prior to the introduction of the Bessemer process the entire production of cast steel in Great Britain was only about 50,000 tons annually while its average price, £50 to £60, was practically prohibitory of its use for many of the purposes to which it is now universally applied. In the year 1877, however, notwithstanding the prolonged depression of trade, the Bessemer steel produced in Great Britain alone amounted to the enormous total of 750,600 tons, while the selling price averaged only £10; and the amount of coal consumed in making it was less by 3,500,000 tons than would have been required to make the same quantity of steel by the old process. The total reduction of cost the *Times* places at about £30,000,000 sterling, upon the quantity manufactured in England during the year; and this steel has been rendered available for a vast number of purposes for which its qualities admirably fit it, but from which its cost had, prior to the advent of Bessemer, excluded it. During the same year, the Bessemer steel produced in the five leading metallurgical countries after England, raised the total production of Bessemer steel to 1,874,278 tons, of a net value of £20,000,000. Eighty-four establishments were engaged in this output, representing an invested capital of more than £3,000,000.

WOOL.

The London organ of the wool interests says: "The wool clip of the world has increased by five times since 1830, when it was equal to about 320,000,000 pounds, while in 1878—the latest year we have complete figures for—it amounted to nearly 1,600,000,000 pounds, which, when scoured, give 850,000,000 pounds of clean wool. Previous to 1830 nearly all the world's supply of wool was furnished by Europe; 280,000,000 pounds, out of the entire world's supply of 320,000,000 pounds, being European:

	1830.	1878.
European produce.....lbs.	280,000,000 ..	740,000,000
River Plate....."	22,000,000 ..	240,000,000
United States....."	10,000,000 ..	208,000,000
Australian....."	6,000,000 ..	350,000,000
South Africa....."	2,000,000 ..	48,000,000
	<hr/>	<hr/>
	320,000,000 ..	1,586,000,000

The tendency is to increase and improve the production of wool by improving breeds, by careful management, by improving and cleansing the wool of the sheep before clipping, as well as by improved machinery for washing and scouring fleeces after having been clipped and sorted.

The manufactures of wool are shown in the following table:

	Operatives.	Spindles.	Consumption.
Great Britain.....	280,000 ..	5,100,000 ..	380,000,000 lbs.
France.....	170,500 ..	2,500,000 ..	380,000,000 "
Germany.....	120,000 ..	1,800,000 ..	165,000,000 "
United States.....	120,000 ..	1,400,000 ..	250,000,000 "
Russia, Austria, &c.....	223,000 ..	1,800,000 ..	400,000,000 "
	<hr/>	<hr/>	<hr/>
	913,000 ..	12,600,000 ..	1,575,000,000 "

Although France and Great Britain consume the same quantity of wool, in France it is to a greater extent the unscoured wool of the River Plate, which only turns out 30 per cent. of wool, whereas in England it is native or washed Australian which is mainly used, hence the woollen manufactories in Great Britain are considerably greater than in France, although the pound weight consumed would appear to be the same.

TELEGRAPHING IN GREAT BRITAIN.

It is ten years since the telegraphs in Great Britain were bought up by the Government and transferred to the P. O. Department. It appears that whereas the telegraph companies had at the time of the transfer 1,992 offices in addition to 496 railway offices, the Post Office can boast of 3,924 offices of its own and 1,407 railway stations open for telegraph work, or in all 5,331 offices, against 2,488 under the companies. The number of instruments in use by the companies was 2,200, by the Post Office 8,151. In 1869 the total length of submarine cables connecting different parts of the United Kingdom was 139 miles. Last year it was 707 miles. The length of pneumatic tube employed by the companies was 4,844 yards; the Post Office now employs 48,260 yards. In 1869 about 6,500,000 messages were forwarded by the telegraph companies and the railway companies transacting telegraph business. Last year the Post Office forwarded 26,547,137 messages, or four times as many as in 1869.

CHINA.

A Hong Kong correspondent of the *New York Commercial* says that "the legal currency of the place at present is local bank notes, secured by deposits of treasure, and Mexican chop-dollars, taken as so much silver, and weighed." A proposition to adopt the Japanese *yen* as a legal tender, which was made by the Governor of Hong Kong, was negatived by the Home Government. One objection urged against it was, that although the Japanese *yen* is now kept up to the full standard and weight of a Mexican dollar, it might not continue to be so, if it was made a legal tender. It has often been proposed that a British mint should be established at Hong Kong to coin silver dollars for the Eastern trade, but as yet the suggestion has not been acted upon. Such dollars, if coined, would be taken by the Chinese only at the value of the silver in them, as the American trade dollars were taken.

BOUNTIES ON FRENCH SHIPPING.

A letter from Paris (Sept. 9) says: "The bounties of shipbuilding and navigation voted by the French deputies, and relative to which the ratification of the Senate is not doubted, will give a great impetus to the shipping trade in France. A company, with a capital of three millions of francs, has been already formed to take advantage of the law by establishing a line of steamers from Bordeaux to New York."

LETTER TELEGRAMS IN FRANCE.

It would appear from some recently issued statistics of the French telegraph service, that the system of closed or letter telegrams is already largely in use in Paris. This method of communication consists in blowing the telegram paper itself through a pneumatic tube, instead of manipulating its contents verbally along the telegraphic wire; and it appears that the pneumatic system at present at work in Paris has a total length of 77,600 metres, and it is worked from six stations, at which are located steam engines having a total power of 153 horses, besides six water motors. The service comprises a main system with double line, at which terminate seven supplementary systems with branches, trains running every three minutes on the main system, and every five minutes on the supplementary systems. There are thirty-seven offices or stations situated within the limits of the old *octroi*, while nine other offices within these limits also take part in the service; the transmission and delivery of telegram cards being accomplished through the medium of the nearest pneumatic office or station. The system was introduced on May 1, 1879, with a tariff of fifty centimes for open telegram cards, and seventy-five centimes for closed messages; while a prepaid reply card, introduced in April of the present year, was charged one franc. These rates have since been reduced to thirty centimes for the open cards, fifty centimes for the closed cards, and sixty centimes for a card with a prepaid reply form attached; so that it would now seem to be possible to communicate from one part of Paris to another and receive a reply back for little more than half a franc, or about one-fourth of the cost of an ordinary telegraphed message in London. The extent to which the service is utilized in Paris may be judged from the fact that something approaching four hundred thousand despatches of all kinds pass over the system every month, with the certainty of a large increase when the reduced tariff has come into full

operation. Nor is the system—extensive as it would seem for so compact a city as Paris—anything like so complete as the authorities desire to make it. For it appears that the Minister of Posts and Telegraphs proposes to extend it, at a total expenditure of nearly two million francs, to the Communes annexed to Paris in 1860, and that such comparatively distant points as Grenelle, Montrouge, Gobelins and Bercy will eventually be included in the pneumatic service of the French capital. The advantages of this system as described by the Playfair Select Committee are that the sender of a message does all the clerical work connected with it, even down to addressing the envelope, and that it combines complete secrecy with absolute freedom from error in transmission. In fact, the pneumatic despatch is simply a letter blown or sucked through a leaden or iron tube instead of being forwarded in the ordinary post-office letter bag—the difference in the services being that the one is rapid and continuous, while the other is slow and intermittent.

—*London Railway News.*

COMPLETION OF THE COLOGNE CATHEDRAL.

The Berlin correspondent of the *London Times*, writing in reference to the approaching celebration of the final completion of the Cathedral at Cologne, says: Viewed from a financial point of view, the noble edifice represents an enormous amount of capital. It is calculated that the sums applied to its completion since 1821, from public and private sources, must amount to about 18,000,000 marks (\$4,500,000), which, added to the previous outlay, will give a grand total of 40,000,000 marks, or over £2,000,000 sterling. In point of altitude, too, the towers of the cathedral are unequaled by any edifice in the world, being 160 mètres high; their closest competitor being the spire of the Protestant St. Nicholas Church, in Hamburg, with 144 mètres. Then comes St. Peter's, in Rome, with 143 mètres; the Strasburg Minster, 142; the Cheops Pyramid, 137; St. Stephen's, in Vienna, 135; Freiburg, in Baden, 125; Antwerp Cathedral, 123; St. Paul's, London, 111; Madgeburg Cathedral, 103; Berlin Town-hall Tower, 88; so that the Cologne Cathedral is nearly twice as high as the last-named imposing edifice.

THE PUBLIC DEBT.—Among the reasons advanced for the early payment of our National debt was one by Mr. Felton, of Georgia, in a speech made during the late session of Congress. He observed: "This debt is a National irritant. It is a sectional irritant. It is not only held almost entirely in our great Northern money centers, but it is a constant reminder of sectional war. Why did you wisely decide to strike from your flags the names of the battle-fields of the late war? Because their continuance would tend to transmit to the next generation memories which should be buried with this generation. We want no sectional irritant. We are linked together for all time, and to continue this sectional irritant now means that we intend to make it an hereditary irritant."

Upon this, the *New York Indicator* comments as follows: "This is not mere sentimentality. There is good common sense in it—warmed up, perhaps, a little by a Southern sun—but still sound sense. It will not do for either the political economist, the statesman, or the capitalist, if they be good citizens, to ignore the irritating influence of this National debt upon a large section of the people. Until the principal of this debt is paid, we maintain that the country, in its present prosperous condition, has no right to contemplate a reduction of its revenue."

THE PROGRESS OF GREAT BRITAIN IN TEN YEARS.—AN ENGLISH VIEW.

[FROM THE LONDON TIMES.]

Nations should not only take a decennial census of population, but also draw up a balance sheet every ten years of what progress they may have made in industry, wealth, commerce, instruction, and morality. We have only to compare the returns of the Board of Trade for 1879-80 with those of ten years ago, to see the advancement of the United Kingdom as follows: Increase—Population, eleven per cent.; revenue, eight per cent.; public wealth, thirty per cent.; commerce, thirteen per cent.; shipping, sixteen per cent.; textile manufactures, twenty-nine per cent.; minerals, forty-five per cent.; railway traffic, forty-five per cent.; Post Office, forty-five per cent.; schools, 122 per cent.; public morality, thirteen per cent.; welfare of poor, nineteen per cent. Population has not grown so fast as in previous decades, but the ratio of increase is still much higher than the European average. It was thirteen per cent. in England, and ten in Scotland, while Ireland showed a decline of one per cent., owing to emigration. The total number of British emigrants was 1,654,000, from which, deducting those who returned, the balance or net loss would be 875,000, and if these were added to the actual population the increase would reach fourteen per cent. Revenue or taxation is lighter now than it was ten years ago, the average for last year being 48s. per inhabitant. In the same interval the National debt has been reduced by twenty-four millions sterling. Public wealth is pretty accurately measured by the income-tax valuation, which is now £134,000,000 higher than in 1869, an increase of £4 per inhabitant; even in Ireland the ratio is higher by £2 per head. It seems that the average income varies in the three kingdoms as follows: £19 in England, £15 pounds in Scotland, £7 in Ireland, and £17 for the whole United Kingdom. The accumulation of wealth among the working classes, as represented by deposits in Savings banks, has risen from fifty-one to seventy-six millions sterling, being almost fifty per cent. Compared with population, the savings deposited since 1869 have been 18s. per inhabitant in England, the same in Scotland, and 4s. in Ireland. It is, furthermore, worthy of observation that the deposits in the Bank of England, reached thirty-nine and a half millions sterling in 1879, against twenty-two millions in 1869, the increase being relatively almost double as great as in the Savings banks.

Commerce has likewise grown faster than population, showing last year a ratio of £17 18s. 3d. per inhabitant, against £17 4s. 6d. in 1869. Many people erroneously suppose that it is only our imports that increase, while our exports decline. Suffice it to say that the exports of 1879 were twelve millions sterling over those of 1869, being an increase of five per cent. Our merchant shipping (not including colonial) has risen 860,000 tons, but the effective carrying power is almost doubled owing to the enormous development of steam traffic. In 1869 steamers were seventeen per cent. of our shipping, the present ratio being thirty-eight per cent., and, if we count them as four times the power of sailing vessels, we find our

carrying power is now fourteen million tons, as against eight and one-half million tons ten years ago. If we include colonial, the total British tonnage would be equivalent to nineteen and a half million tons, the total for all nations being a little over forty millions. Manufactures, minerals, and railway returns show at a glance the progress of internal industry. Our mills in 1879 consumed 1,615 million pounds of cotton and wool, against 1,248 millions in 1869, an increase of twenty-nine per cent.; while our mining industry rose forty-five per cent.; the value of coal, iron, etc., extracted last year amounting to sixty-four millions, against forty-four millions in 1869. By a remarkable coincidence, our railway traffic has grown in the same ratio as minerals, the gross earnings having risen from £41,100,000 to £59,400,000. Another coincidence is the Post-Office increase, also forty-five per cent.—viz., 847 million letters in 1869, and 1,239 millions last year.

All the above items show material progress, and if we turn to the indications of moral improvement we find the figures no less satisfactory. The number of criminals convicted in the three kingdoms has declined from 14,340 to 12,525—a fall of thirteen per cent., and it may therefore be said that public morality has advanced in the same degree. School statistics show that the average attendance in Great Britain has risen from 1,333,000 to 2,980,000 children, the increase being eleven times greater than that of population. Finally, we may gauge the condition of the poor by the number of paupers relieved; and as this has fallen from 1,281,000 to 1,037,000, it follows that there is an improvement equal to 19 per cent.

There is but one branch of national wealth or industry that shows a decline—namely, agriculture, the area under corn and green crops having fallen in ten years from 17,096,000 to 15,650,000 acres, a decline of eight per cent. for the United Kingdom, although the figures for Ireland show that the falling off in that country was as much as sixteen per cent. It may be questioned, however, whether the rural products of the United Kingdom have at all declined in the last ten years, seeing the increase in the number of cattle, viz., eight per cent. in cows, twelve per cent. in horses, six per cent. in pigs; the only set-off being a loss of six per cent. in sheep. Even in Ireland (counting ten sheep for one head of cattle) we find the farming stock increased eight per cent. Thus the growth of pastoral interests has probably compensated the loss in tillage.

Summing up the condition of the United Kingdom at present, as compared with ten years ago, we have every reason to be proud of the progress we have made. If we had only increased in wealth, manufactures, commerce, and public instruction in the same ratio as the number of inhabitants—namely, eleven per cent.—we should present to the world a very favorable balance-sheet of our affairs in the past decade. But it is manifest that we have grown in prosperity much more than in population, and that every succeeding decade, in spite of an occasional crisis or reverse, sees Great Britain richer, wiser and happier, thanks to the industry and civic virtues of her people.



THE LAW OF NEGOTIABLE INSTRUMENTS.¶

SUPREME COURT OF THE UNITED STATES, OCTOBER TERM, 1879.

Brooklyn City and Newtown Railroad Co., Plaintiff in Error, v. National Bank of the Republic.—In Error to the Circuit Court of the United States for the Southern District of New York.

1. The judgment in an action instituted by the holder of negotiable paper against the indorsers is not a bar to a subsequent action by the holder against the maker, the latter not having been made a party to the first action, nor notified of its pendency.
2. An estoppel arising out of the judgment of a Court of competent jurisdiction is equally conclusive upon all the parties to the action and their privies. It may not be invoked or repudiated at the pleasure of one of the parties as his interest may happen to require.
3. The transfer, before maturity, of negotiable paper, as security for an antecedent debt, merely, without other circumstances—if the paper be so indorsed that the holder becomes a party to the instrument—although the transfer is without express agreement by the creditor for indulgence, is not an improper use of such paper, and is as much in the usual course of commercial business as its transfer in payment of such debt. In either case the *bona fide* holder is unaffected by equities or defences between prior parties of which he had no notice.
4. The Courts of the United States, in determining questions of general commercial law are not controlled by the decisions of a State Court, even in an action instituted by a National bank, located in the State rendering such decision, against one of its own citizens, upon a negotiable note there executed and payable. Such decisions, not based upon local legislative enactments, are not "laws" within the meaning of the Federal statute, which provides that "the laws of the several States, except where the Constitution, treaties, or statutes of the United States otherwise require or provide, shall be regarded as rules of decision in trials at common law in the Court of the United States, in cases where they apply." *Swift v. Tyson*, 16 Pet. 1, reaffirmed.

HARLAN, J.—The case, as made by an agreed statement of facts, is this: The plaintiff in error, the Brooklyn City and Newtown Railroad Company, a corporation organized under the laws of New York, executed, at Brooklyn, in that State, on 9th of May, 1873, its promissory note for the sum of \$ 5,000, payable four months after date to the order of Wm. V. LeCount, [its] treasurer, at the Atlantic State Bank of Brooklyn. It was indorsed in blank, first by LeCount, treasurer, and then by Palmer & Co., a firm composed of Thomas Palmer, Jr., and Anson S. Palmer, the former being the president and the latter the financial agent of the company, and together owning the larger portion of its stock. The note was made for the purpose only of raising money thereon for the company. Neither LeCount nor Palmer and Co. received any consideration for their respective indorsements. The note thus indorsed was, with others, placed by the company in the hands of Hutchinson and Ingersoll, a firm of note-brokers in Wall Street, for negotiation and sale.

Prior to the execution of the note Hutchinson and Ingersoll had frequently borrowed money from the defendant in error, the National Bank of the Republic of New York. They, however, kept no account with that institution, and had no transactions with it other than those to which reference will now be made.

In the month of October, 1872, the bank first made them a call loan at seven per cent. interest, of \$ 25,000 on collaterals. Subsequently, in 1873, it made to them other call loans on collaterals, at the same rate of interest, as follows: March 11th, \$ 15,000; March 15th, \$ 10,000; April 11th, \$ 10,000; May 16th, \$ 10,000; May 20th, \$ 20,000; May 23d, \$ 10,000; June 4th, \$ 15,000; June 6th, \$ 12,000; June 12th, \$ 10,000; June 19th, \$ 36,000; and July 11th, \$ 10,000. Each of these loans was a separate one, upon a particular and distinct lot of collaterals. Hutchinson and Ingersoll were in the habit of

borrowing money from various banks and from individuals or firms upon specific lots of collaterals.

The loan of \$36,000 on 19th June, 1873, was upon several notes as collateral security, among them the above described note for \$5,000, executed May 9th, 1873. All the loans by the bank, prior to the one of \$36,000, had been paid off before that loan was made.

The loan of \$10,000 on the 11th July, 1873, was upon the following notes, as collateral security: Two notes of Howes, Hyatt and Co. for \$2,605.98 and \$3,540.15, and two of H. L. Ritch and Co. for \$3,320.17 and \$2,146.92.

On the 22d July, 1873, Howes, Hyatt and Co., having become insolvent, Hutchinson and Ingersoll executed and delivered to the bank at its request, antedated to June 19th, 1873 (which was the date of the \$36,000 loan), a written instrument whereby they agreed with the bank "that all securities, bonds, stocks, things in action, or other property or evidences of property whatsoever, which have been or may at any time hereafter be deposited or left by us or on our account, with said bank, whether specifically pledged or not, may be held by said bank, and shall be deemed to be and are hereby pledged as security for the payment of any and every indebtedness, liability, or engagement on our part, held by said bank, and that on the non-payment, when due and payable, of any sum or sums of money which have been or may hereafter be by said bank lent, paid or advanced to or for the account or use of us, or for which we are or may become in any way liable or indebted to said bank, the said bank, or its president or cashier, may immediately thereupon, or any time thereafter, sell, etc.,

and apply the net proceeds of sale to the payment of any sum or sums due and payable from us to said bank, and hold any surplus of such net proceeds, together with any and all remaining securities, property, or evidences of property, then held by said bank, and not sold as security for the payment of any and all other of our then existing and remaining liabilities and engagements to said bank."

When that writing was executed no agreement was made to extend the loan or to refrain from calling it in.

The bank knew that Hutchinson and Ingersoll were note-brokers, but until August 8, 1873, had no knowledge or information of the connection of the Palmers with the railroad company, or of the circumstances attending the making or indorsement of the note in suit, or of the purpose thereof, or of any relations, dealings, or communication between Hutchinson and Ingersoll, and the parties to the note (except that they knew Hutchinson and Ingersoll to be note brokers), or that the note was anything else than ordinary business paper, or that there was any question as to the right of said Hutchinson and Ingersoll to pledge or negotiate it. Nor did the railroad company know or suspect that the firm had parted with or hypothecated said note until August 15, 1873.

The company, by reason of certain advances made to its use by Hutchinson and Ingersoll, became indebted to the latter, on the 8th of August, 1873, in the sum of \$600. On the 15th day of August, 1873, it tendered that sum to the firm, and demanded a return of the \$5,000 note. During the same month it made a like tender to the bank, and demanded the note.

The \$36,000 loan was paid in full out of the collaterals given to secure its payment, as they respectively matured, without resorting to the note in suit; the first payment of \$4,580 being July 22, 1873, and the last payment being April 4, 1874, leaving the \$5,000 note in the bank's possession.

Hutchinson and Ingersoll are insolvent. The collaterals collected exceeded the \$36,000 loan by \$4,503.61.

On the \$10,000 loan of July 11, 1873, there was a balance due the bank November 21, 1876, of \$5,136.68 after exhausting all collaterals in its possession, which had been specially pledged to secure that loan, and crediting the amount, with interest collected, of a certain judgment to be now referred to.

In 1874 the bank sued Palmer & Co., as indorsers upon the note in suit, in the Supreme Court of New York. The case was sent to a referee, who ren-

dered judgment in favor of the bank for \$601, which seems to be the amount due from the railroad company to Hutchinson and Ingersoll. That judgment, with the costs, was satisfied.

The present action is by the bank against the railroad company to recover the amount of the \$5,000 note executed by the latter on the 9th of May, 1873, and placed in the hands of Hutchinson and Ingersoll for sale for the benefit of the company.

The Court below gave judgment for the bank, to reverse which the company has prosecuted this writ.

First. The first proposition of the plaintiff in error is, that there has been a final determination by a Court of competent jurisdiction, between the same parties or their privies, upon the same subject matter as that here in controversy. This contention rests upon the judgment of the Supreme Court of New York, in the action instituted by the bank against Palmer and Co., as the indorsers of the note in suit.

The judgment in the State Court clearly constitutes no bar to the present action. Personal judgments bind only parties and their privies. The railroad company was in no sense a party to the separate action against Palmer & Co. Nor did it receive notice from the latter of the pendency of that suit. It was therefore in no manner affected by the judgment. Had the company received such notice in due time, it would, perhaps, although not technically a party to the record, have been estopped, at least as between it and its accommodation indorsers, from saying that the latter were not bound to pay the judgment, if obtained without fraud or collusion. Being, however, an entire stranger to the record, it had no opportunity or right, in that proceeding, to controvert the claim of the bank, to control the defence, to introduce or cross-examine witnesses, or to prosecute a writ of error from the judgment.

If, in the action against Palmer & Co., the bank had obtained judgment for the full amount of the note, and being unable to collect it, had sued the railroad company, the latter would not have been precluded by the judgment in that action, to which it was not a party, and of the pendency of which it had not been notified, from asserting any defence it might have against the note. This being so, it results that the company cannot plead the judgment in the State Court as a bar to this action. An estoppel arising out of the judgment of a Court of competent jurisdiction is equally conclusive upon all the parties to the action and their privies. It may not be invoked or repudiated at the pleasure of one of the parties as his interest may happen to require.

The liability of the maker and indorsers was not joint, but several, and therefore a judgment in an action against the indorsers, upon the contract of indorsement, could not bar a separate action by the bank against the maker—certainly not, where the maker was without notice from the indorsers of the pendency of the action against them.

Second. The next proposition involves the right of the railroad company to show, as against the bank, that the note was executed and delivered to Hutchinson & Ingersoll for the purpose only of raising money upon it for the company, and that consequently they had no authority to pledge it as collateral security for their own indebtedness to the bank. It will have been observed, from the statement of facts, that the note in suit was among those pledged to the bank as security for the call loan of \$36,000, made on June 19, 1873; that Howes, Hyatt & Co., whose notes had been pledged as security for the call loan of \$10,000, made on June 19, 1873, having become insolvent, Hutchinson & Ingersoll, July 22, 1873, at the request of the bank, executed the writing dated June 19, 1873, whereby they pledged all securities, bonds, stocks, things in action, or other property theretofore deposited with the bank, whether specifically or not, as security for the payment of any and every indebtedness, liability, or engagement held by the bank for which they were, or should become, in any way liable. Although, therefore, the call loan of \$36,000 was extinguished, without resorting to the note in suit, that note, under the agreement made on the 22d of July, 1873, stood pledged as collateral security also for the \$10,000 call loan of July 11, 1873.

The bank, we have seen, received the note before its maturity, indorsed in

blank, without any express agreement to give time, but without notice that it was other than ordinary business paper, or that there was any defence thereto, and in ignorance of the purposes for which it had been executed and delivered to Hutchinson & Ingersoll. Did the bank, under these circumstances, become a holder for value, and as such entitled, according to the recognized principles of commercial law, to be protected against the equities or defences which the railroad company may have against the other parties to the note?

This question was carefully considered, though perhaps it was not absolutely necessary to be determined, in *Swift v. Tyson*, 16 Pet. 1. After stating that the law respecting negotiable instruments was not the law of a single country only, but of the commercial world, the Court, speaking by Mr. Justice Story, said: "And we have no hesitation in saying that a pre-existing debt does constitute a valuable consideration in the sense of the general rule already stated as applicable to negotiable instruments. Assuming it to be true (which however, may well admit of some doubt from the generality of the language) that the holder of a negotiable instrument is unaffected with the equities between antecedent parties, of which he has no notice, only where he receives it in the usual course of trade and business for a valuable consideration, before it becomes due; we are prepared to say that receiving it in payment of, or as security for, a pre-existing debt, is according to the known usual course of trade and business. And why, upon principle," continued the Court, "should not a pre-existing debt be deemed such a valuable consideration? It is for the benefit and convenience of the commercial world to give as wide an extent as practicable to the credit and circulation of negotiable paper, that it may pass not only as security for new purchases and advances made upon the transfer thereof, but also in payment of and as security for pre-existing debts. The creditor is thereby enabled to realize or to secure his debt, and thus may safely give a prolonged credit, or forbear from taking any legal steps to enforce his rights. The debtor also has the advantage of making his negotiable securities of equivalent value to cash. But establish the opposite conclusion that negotiable paper cannot be applied in the payment of, or as security for, pre-existing debts, without letting in all the equities between the original and antecedent parties, and the value and circulation of such securities must be essentially diminished, and the debtor driven to the embarrassment of making a sale thereof, often at a ruinous discount, to some third person, and then by circuitry to apply the proceeds to the payment of his debts. What, indeed, upon such a doctrine would become of that large class of cases, where new notes are given by the same or by other parties, by way of renewal or security to banks, in lieu of old securities discounted by them, which have arrived at maturity? Probably more than one-half of all the bank transactions in our country as well as those of other countries are of this nature. The doctrine would strike a fatal blow at all discounts of negotiable securities for pre-existing debts."

After a review of the English cases, the Court proceeded: "They directly establish that a *bona fide* holder taking a negotiable note in payment of, or as security for a pre-existing debt, is a holder for a valuable consideration, entitled to protection against all the equities between the antecedent parties."

The opinion in that case has been the subject of criticism in some Courts, because it seemed to go beyond the precise point necessary to be decided when declaring that the *bona fide* holder of a negotiable note, taken as collateral security for an antecedent debt, was protected against equities existing between the original or antecedent parties. The brief dissent of Mr. Justice Catron was solely upon that ground, which renders it quite certain that the whole Court was aware of the extent to which the opinion carried the doctrines of the commercial law upon the subject of negotiable instruments transferred or delivered as security for antecedent indebtedness. In the judgment of this Court, as then constituted (Mr. Justice Catron alone excepted), the holder of a negotiable instrument, received before maturity, and without notice of any defence thereto, is unaffected by the equities or defences of antecedent parties, equally whether the note is taken as collateral security for, or in payment of, previous indebtedness. And we understand the case of *McCarty v. Roots*,

21 How. 439, to affirm *Swift v. Tyson*, upon the point now under consideration. It was there said: "Nor does the fact that the bills were assigned to the plaintiff as collateral security for a pre-existing debt, impair the plaintiff's right to recover. . . . The delivery of the bills to the plaintiff as collateral security for a pre-existing debt, under the decision of *Swift v. Tyson*, was legal.

It may be remarked in this connection that the Courts holding a different rule have uniformly referred to an opinion of Chancellor Kent in *Bay v. Coddington*, 5 Johns. (N. Y.) 56, reaffirmed in *Coddington v. Bay*, 20 *id.* 637. There is, however, some reason to believe that the views of that eminent jurist were subsequently modified. In the 6th edition of his *Commentaries*, side page 81, note b, prepared by himself, reference is made to *Stalker v. McDonald*, 6 Hill 93, in which the principles asserted in *Bay v. Coddington*, were re-examined and maintained in an elaborate opinion by Chancellor Walworth, who took occasion to say that the opinion in *Swift v. Tyson* was not correct in declaring that a pre-existing debt was, of itself, and without other circumstances, a sufficient consideration to entitle the *bona fide* holder, without notice, to recover on the note when it might not, as between the original parties, be valid. But Chancellor Kent adds: "Mr. Justice Story, on *Promissory Notes*, p. 215, note 1, repeats and sustains the decision in *Swift v. Tyson*, and I am inclined to concur in that decision as the plainer and better doctrine." Of course it did not escape his attention that the Court in *Swift v. Tyson* declared the equities of prior parties to be shut out as well when the note was merely pledged as collateral security for a pre-existing debt, as when transferred in payment or extinguishment of such debt.

According to the very general concurrence of judicial authority in this country as well as elsewhere, it may be regarded as settled in commercial jurisprudence—there being no statutory regulations to the contrary—that where negotiable paper is received in payment of an antecedent debt; or where it is transferred, by indorsement, as collateral security for a debt created, or a purchase made at the time of transfer; or the transfer is to secure a debt, not due, under an agreement express or to be clearly implied from the circumstances, that the collection of the principal debt is to be postponed or delayed until the collateral matured; or where time is agreed to be given and is actually given upon a debt overdue in consideration of the transfer of negotiable paper as collateral security therefor; or where the transferred note takes the place of other paper previously pledged as collateral security for a debt, either at the time such debt was contracted or before it became due; in each of these cases the holder who takes the transferred paper before its maturity, and without notice, actual or otherwise, of any defence thereto, is held to have received it in due course of business, and in the sense of the commercial law, becomes a holder for value, entitled to enforce payment without regard to any equity or defence which exists between prior parties to such paper.

Upon these propositions there seems at this day to be no substantial conflict of authority. But there is such conflict where the note is transferred as collateral security merely, without other circumstances, for a debt previously created. One of the grounds upon which some Courts of high authority refuse in such cases to apply the rule announced in *Swift v. Tyson* is, that transactions of that kind are not in the usual and ordinary course of commercial dealings. But this objection is not sustained by the recognized usages of the commercial world, nor, as we think by sound reason. The transfer of negotiable paper as security for antecedent debts, nothing more, constitutes a material and an increasing portion of the commerce of the country. Such transactions have become very common in financial circles. They have grown out of the necessities of business, and in these days of great commercial activity they contribute largely to the benefit and convenience both of debtors and creditors. Mr. Parsons, in his *Treatise on the Law of Promissory Notes and Bills of Exchange*, discusses the general question of the transfer of negotiable paper under three aspects—one, where the paper is received as collateral security for antecedent debts. We concur with the author, "that when the principles of the law merchant have established more firmly and unreservedly their control and their

protection over the instruments of the merchant, all of these transfers (not affected by peculiar circumstances) will be held to be regular, and to rest upon a valid consideration." 1 *Par. on Notes and Bills*, 218, 2d ed.

Another ground upon which some Courts have declined to sanction the rule announced in *Swift v. Tyson* is, that upon the transfer of negotiable paper merely as collateral security for an antecedent debt, nothing is surrendered by the indorsee—that to permit the equities between prior parties to prevail deprives him of no right or advantage enjoyed at the time of transfer, imposes upon him no additional burdens, and subjects him to no additional inconveniences.

This may be true in some, but it is not true in most cases, nor, in our opinion, is it ever true when the note, upon its delivery to the transferee, is in such form as to make him a party to the instrument, and impose upon him the duties which, according to the commercial law, must be discharged by the holder of negotiable paper in order to fix liability upon the indorser.

The bank did not take the note in suit as a mere agent to receive the amount due when it suited the convenience of the debtor to make payment. It received the note under an obligation imposed by the commercial law to present it for payment and give notice of non-payment in the mode prescribed by the settled rules of that law. We are of opinion that the undertaking of the bank to fix the liability of prior parties by due presentation for payment and due notice in case of non-payment—an undertaking necessarily implied by becoming a party to the instrument—was a sufficient consideration to protect it against equities existing between the other parties, of which it had no notice. It assumed the duties and responsibilities of a holder for value and should have the rights and privileges pertaining to that position. The correctness of this rule is apparent in cases like the one now before us. The note in suit was negotiable in form, and was delivered by the maker for the purpose of being negotiated. Had it been regularly discounted by the bank at any time before maturity, and the proceeds either placed to the credit of Hutchinson & Ingersoll, or applied directly to the discharge, *pro tanto*, of any one of the call loans previously made to them, it would not be doubted that the bank would be protected against the equities of prior parties. Instead of procuring its formal discount, Hutchinson & Ingersoll used it to secure the ultimate payment of their own debt to the bank. At the time the written agreement of July 22, 1873, was executed, by which this note, with others, was pledged as security for any debt then or thereafter held against them, the bank had the right to call in the \$10,000 loan, that is, to require immediate payment. The securities upon which that loan rested had become in part worthless, and it is evident that but for the deposit of additional collateral securities the bank would have called in the loan, or resorted to its rightful legal remedies for the enforcement of payment. It was, under the circumstances, the duty of the debtors to make such payment, or to secure the debt. It was important to them, and was in the usual course of commercial transactions, to furnish such security. If the bank was deceived as to the real ownership of the paper, or as to the purposes of its execution and delivery to Hutchinson & Ingersoll, it was because the railroad company intrusted it to those parties in a form which indicated that the latter were its rightful holders and owners, with absolute power to dispose of it for any purpose they saw proper.

Our conclusion, therefore, is that the transfer, before maturity, of negotiable paper as security for an antecedent debt merely, without other circumstances, if the paper so indorsed that the holder becomes a party to the instrument, although the transfer is without express agreement by the creditor for indulgence, is not an improper use of such paper, and is as much in the usual course of commercial business as its transfer in payment of such debt. In either case the *bona fide* holder is unaffected by equities or defences between prior parties of which he had no notice. This conclusion is abundantly sustained by authority. A different determination by this Court, would, we apprehend, greatly surprise both the legal profession and the commercial world. *Higelow's Bills and Notes*, 502 *et seq.*; 1 *Daniel on Neg. Instr.* (2d ed.), c. 1, 25, secs. 820 to 833; *Story on Prom. Notes*, secs. 186 and 195 (7th ed.) by

Thorndyke; 1 *Pars. on Notes and Bills*, 218 (2d ed.), sec. 4, ch. 6; and *Redfield and Bigelow's Lead. Cas. on Bills of Ex. and Prom. Notes*, where the authorities are cited by the authors.

Third. It is, however, insisted that by the course of judicial decision in New York, negotiable paper transferred merely as collateral security for an antecedent debt, is subject to the equities of prior parties existing at the time of transfer; that the bank being located in New York, and the other parties being citizens of the same State, and the contract having been there made, this Court is bound to accept and follow the decision of the State Court whether it meets with our approval or not. This contention rests upon the provision of the statute which declares that "the laws of the several States, except where the Constitution, treaties, or statutes of the United States otherwise require or provide, shall be regarded as rules of decision in trials at common law, in the Courts of the United States, in cases where they apply."

It is undoubtedly true that if we should apply to this case the principles announced in the highest Court of the State of New York, a different conclusion would have been reached from that already announced. That learned Court has held that the holder of negotiable paper transferred merely as collateral security for an antecedent debt, nothing more, is not a holder for value within those rules of commercial law which protect such paper against the equities of prior parties.

The question here presented is concluded by our former decisions.

We remark, at the outset, that the section of the statute of the United States already quoted is the same as the 34th section of the original judiciary act.

In *Swift v. Tyson*, *supra*, the contention was that this Court was obliged to follow the decisions of the State Courts in all cases where they apply. But this Court said: "In order to maintain the argument it is essential therefore to hold that the word 'laws' in this section, includes within the scope of its meaning the decisions of the local tribunals. In the ordinary use of language it will hardly be contended that the decisions of Courts constitute laws. They are, at most, only evidence of what the laws are, and not of themselves laws. They are often re-examined, reversed, and qualified by the Courts themselves, whenever they are found to be either defective, or ill-founded, or otherwise incorrect. The laws of a State are more easily understood to mean the rules and enactments promulgated by the legislative authority thereof, or long-established local customs having the force of laws. In all the various cases which have hitherto come before us for decision this Court have uniformly supposed that the true interpretation of the 34th section limited its application to State laws strictly local; that is to say, to the positive statutes of the State, and the construction thereof adopted by the local tribunals, and to rights and titles to things having a permanent locality, such as the rights and titles to real estate, and other matters immovable and intraterritorial in their nature and character. It has ever been supposed by us that the section did apply, or was designed to apply, to questions of a more general nature, not at all dependent upon local statutes or local usages of a fixed and permanent operation; as for example, to the construction of ordinary contracts or other written instruments, and especially to questions of general commercial law, where the State tribunals are called upon to perform the like functions as ourselves; that is, to ascertain upon general reasoning and legal analogies, what is the true exposition of the contract or instrument, or what is the just rule furnished by the principles of commercial law to govern the case. And we have not now the slightest difficulty in holding that this section, upon its true intendment and construction, is strictly limited to local statutes and local usages of the character before stated, and does not extend to contracts and other instruments of a commercial nature, the true interpretation and effect whereof are to be sought, not in the decisions of the local tribunals, but in the general principles and doctrines of commercial jurisprudence. Undoubtedly the decisions of the local tribunals upon such subjects are entitled to and will receive the most deliberate attention and respect of this Court; but they cannot furnish positive rules, or conclusive

authority, by which our own judgments are to be bound up and governed."

In *Carpenter v. Providence Washington Ins. Co.*, 16 Pet. 495, decided at the same term with *Swift v. Tyson*, it was necessary to determine certain questions in the law of insurance. The Court said: "The questions under our consideration are questions of general commercial law, and depend upon the construction of a contract of insurance, which is by no means local in its character, or regulated by any local policy or customs. Whatever respect therefore the decisions of State tribunals may have on such a subject, and they certainly are entitled to great respect, they cannot conclude the judgment of this Court. On the contrary, we are bound to interpret this instrument according to our own opinion of its true intent and objects, aided by all the lights which can be obtained from all external sources whatsoever; and if the result to which we have arrived differs from these learned State Courts, we may regret it, but it cannot be permitted to alter our judgment."

In *Oates v. National Bank*, 100 U. S. 239, we had before us the precise question now under consideration. That was an action by a National bank, located in Alabama, against a citizen of that State, upon a promissory note there executed and negotiated. It was contended that the decision of the Supreme Court of Alabama should be accepted as the law governing the rights of parties. We, however, held—referring to some of our previous decisions—that the Federal Courts were not bound by the decisions of the State Courts "upon questions of general commercial law. . . . We have already seen that the statutes of Alabama placed under the protection of the commercial law, promissory notes payable in money at a certain designated place, but how far the rights of parties here are affected by the rules and doctrines of that law it is for Federal Courts to determine upon their own judgment as to what these rules and doctrines are."

To this doctrine, which received the approval of all the members of this Court when first announced, we have, as our decisions show, steadily adhered. We perceive no reason for its modification in any degree whatever. We could not infringe upon it in this case without disturbing or endangering that stability which is essential to be maintained in the rules of commercial law. The decisions of the New York Court, which we are asked to follow in determining the rights of parties under a contract there made, are not in exposition of any legislative enactment of that State. They express the opinion of that Court, not as to the rights of parties under any law local to that State, but as to their rights under the general commercial law existing throughout the Union, except where it may have been modified or changed by some local statute. It is a law not peculiar to one State, or dependent upon local authority, but one arising out of the usages of the commercial world. Suppose a State Court, in a case before it, should determine what were the laws of war as applicable to that and similar cases. The Federal Courts, sitting in that State, possessing, it must be conceded, equal power with the State Court in the determination of such questions, must, upon the theory of counsel for the plaintiff in error, accept the conclusions of the State Court as the true interpretation, for that locality, of the laws of war, and as the "law" of the State in the sense of the statute which makes the "laws of the State rules of decision in trials at common law." We apprehend, however, that no one would go thus far in asserting the binding force of State decisions upon the Courts of the United States when the latter are required, in the discharge of their judicial functions, to consider questions of general law, arising in suits to which their jurisdiction extends. To so hold would be to defeat one of the objects for which those Courts were established, and introduce infinite confusion in their decisions of such questions. Further elaboration would seem to be unnecessary.

The judgment is affirmed.

Mr. Justice MILLER dissents

RIGHTS OF HOLDERS OF NEGOTIABLE PAPER IN CASES OF FRAUD.

[FROM THE IRISH LAW TIMES.]

The subject which it is here proposed to discuss has been already treated on very fully in Vol. XI (pp. 315, 523, 536), where also several cases in point will be found reported (see Digest xxvi). But though there is no need "infandum renovare dolorem," by retraversing the same ground, some more recent decisions, English and American, demand attention; and those only we propose at present to collate. In order, however, to understand the precise effect of the cases in question, it is necessary, in the first place, to refer to some principles which we find stated in the able judgment delivered by Pollock, B., in *London and South Western Bank, Limited, v. Wentworth*.

It is clearly established by a series of English decisions, the ground of which is explained in *Montague v. Perkins* (22 L. J. C. P. 187), and *Foster v. Mackinnon* (L. R. 4 C. P. 712), that where a man signs his name to a blank stamped piece of paper, and delivers it to another to be negotiated, this gives him authority to fill it up to the amount which the stamp will cover, treating the signature as that of the acceptor (in addition to cases cited in *L. & S. W. Bk. v. Wentworth*, see *Armfield v. Allport*, 27 L. J. Ex. 42); and if the bill thus completed is indorsed to a holder for value without notice, he is entitled to recover upon it against him who has so signed his name, although the person to whom the blank paper was originally given may have defrauded the man who gave it to him. It has also been laid down that where a bill is accepted after having been drawn in a fictitious name, and is indorsed in the same handwriting as that of the supposed drawer, the acceptor would be liable to a holder for value; but that, if the drawer were a real person, the acceptor, though bound by the drawing, might dispute the indorsement. In a later case (*Schultz v. Astley*, 2 Bing. N. C. 544) the court held further that there is no distinction in principle where a bill has passed into the hands of a third person, between holding the acceptor of a blank bill liable to the extent of the sum covered by the stamp, when the bill is afterwards drawn in the name of the party who has obtained the acceptance, and when it is drawn by a stranger, who becomes the drawer at the instance of the party by whom the acceptance is given. But in that case another question arose, in reference to an acceptance in blank which had been afterwards filled up by a person who subscribed himself, in the character of drawer and indorser, as Thomas Wilson, his real name being Thomas Wilson Richardson, whereupon it was said, "There was no circumstance proved to show an intention to pass himself off for a different person of the name of Thomas Wilson, or an intention to defraud any person of that name, or any other person, and we, therefore, think there is no ground for treating the signature as a forgery, or holding the bill void on that account." However, as observed in *L. & S. W. Bk. v. Wentworth*, the observations as to forgery were unnecessary to the decision of that case; but we may refer to another case which does not appear to have been cited (*Mead v. Young*, 4 T. R. 28), where a bill having been drawn payable to the order of one H. Davis, and indorsed by another H. Davis, it was held that a person who innocently discounted it on the faith of this indorsement had no title; Ashurst, J., observing that "no title can be derived through the medium of a fraud or forgery;" and the majority of the court intimating, as one of the grounds of decision, that otherwise there would be little inducement to prosecute the guilty party.

Now, in *L. & S. W. Bk. v. Wentworth* (42 L. T. N. S. 188) the circumstances were as follows: The defendant gave his acceptance in blank, on a piece of paper bearing a sufficient stamp for £500, to S., who then gave the defendant a receipt stating that the acceptance was given "for the purpose of negotiation, and if not discounted before the 14th inst. to be returned

at once." The acceptance was not returned, nor did the defendant ever receive anything for it, but the bill was filled up for £ 500, and was drawn and indorsed, in the same handwriting, in the name of S. H. Head, and was then indorsed to the plaintiffs for full value, *bona fide*, and without notice of any irregularity. The plaintiffs as such indorsees sued the defendant, who proposed to prove that Samuel Heath Head never indorsed or authorized the indorsement of his name; but this evidence was rejected on the ground that it was immaterial. It was admitted that the defendant could not dispute that he was bound by the drawing of the bill, but it was contended that he might dispute the indorsement, although had the name been wholly fictitious he would have been liable, the drawer's and indorser's names being in the same handwriting; and it was assumed in his favor that the signature S. H. Head, was, in fact, a forgery of the name of the witness Samuel Heath Head, which, of course, the defendant could not be taken to have authorized, the effect of which would equally hold good with respect to the drawing as to the indorsing. Pollock, B., and Hawkins, J., held, however, that evidence of the forgery had been properly rejected; and that the defendant was liable for the amount for which the bill had been so filled up, equally whether the forgery had been committed or not. They preferred not to rest this decision on the ground of estoppel, but rather upon the principle that where one of two innocent persons must suffer from the fraud of a third, the loss should be borne by him who enabled the third person to commit the fraud. See cases collected, 11 Ir. L. T. & S. J. 537. "Looking at the case from this point of view," said Pollock, B., "the law as laid down in *Young v. Grote* (4 Bing. 254), where the court held that the drawer of a check who so carelessly fills it up as to enable the holder of it to add figures making it payable for a larger amount, is liable to the bank who honors it, is in favor of the plaintiffs, and although many observations have been made since that case with reference to the grounds upon which it was decided, which are mostly collected in the judgment of the court in *Arnold v. Cheque Bank* (1 C. P. D. 587, 34 L. T. N. S. 729), the principle we have alluded to has always been upheld." The reason why an acceptor of a blank bill has been held liable to a *bona fide* holder for value without notice, if the name of a stranger or a fictitious name be inserted as drawer, was not because of the acceptor's authorizing this, but because in favor of commerce it is essential to uphold the negotiability of bills of exchange; and to hold differently in the case of forged indorsements of bills of exchange "would go far to hamper their negotiability, and destroy their usefulness," as Pollock, B., observed, and "would graft an exception upon a system of law which has worked well, and is of great public use, for the benefit of one who has brought about the difficulty by his own irregular act." Those are the very principles on which we laid stress, and recommended for extended adoption, when referring to the American cases upholding them (see vol. xi p. 539), and it is gratifying to find that they have been adopted and upheld in the latest English adjudication, even though the result is that an innocent holder for value has thus been enabled to derive title through the medium, or rather in consequence, of a fraud or forgery, and though by reason of this decision there would be the less inducement to prosecute the guilty party (see *Mead v. Young, ubi supra*). But, the course of reasoning on which this decision proceeded should not be supposed to apply to the case (such as *Mead v. Young*) of a bill drawn and accepted in due course and indorsed by a forgery of the drawer's name. "In such a case," said Pollock, B., "the whole matter, *quoad* the acceptor, is real, and depends upon a real authority. In the present case the defendant is in default from the beginning by giving a blank acceptance, and therefore, as is admitted in the case of a drawing by a stranger or in a fictitious name, the ordinary rule as to authority cannot be adhered to, and something like a fiction must be resorted to in favor of a *bona fide* indorsee for value; or, as I should prefer to say, the law merchant in such a case holds, that although the acceptor did not authorize the drawer's name to be used, he enabled the person to whom he gave the bill to use it, and so to give the bill currency, and this as against the acceptor is sufficient to render him liable." It is to be observed,

further, that in this case the plaintiffs had "made all the inquiries as to the acceptor from his own banker that could be demanded from the most prudent persons; so that no question could have arisen such as was discussed in *Farrell v. Lovett*, the consideration of which case, and *Knoxville National Bank v. Clark*, must be reserved for a subsequent paper.

COLLECTION PAPER.—THE LAW OF AGENCY.

U. S. CIRCUIT COURT, DISTRICT OF KANSAS, JUNE TERM, 1880.

The First National Bank of Chicago v. Reno County Bank.

1. Two bills of exchange, belonging to the plaintiff at Chicago, were indorsed for collection to a bank at Atchison, Kansas, and by said Atchison bank to a bank at Kansas City, Missouri, and by the latter to defendant, a bank at Hutchinson, Kansas: *Held*, that they remained the property of plaintiff, all the indorsements being restrictive.

2. An indorsement on a bill of exchange, directing the drawee to pay to another, "on account of" the indorser, or "for collection," is a restrictive indorsement, the effect of which is to restrict the further negotiability of the bill, and to give notice that the indorser does not thereby give title to the bill, or to its proceeds when collected.

3. Although there may be no privity between the owner of the bill and the last indorsee, yet, if the latter collects the bill, he is bound to pay the proceeds to the owner, and the latter may recover in *assumpsit*, on the ground that the defendant has property in his possession which belongs to the plaintiff, and refuses to pay the same over.

Motion for new trial.

McCrary, C. J.—This cause was tried before the Court at the November Term, 1879, and resulted in a judgment for the defendant. At the request of Judge Foster, before whom it was tried, the motion for a new trial has been argued before the full bench.

The facts are as follows: 1. The plaintiff, in July, 1878, became the owner, by assignment to it, of two negotiable bank checks, drawn on the defendant, a bank at Hutchinson, Kansas. 2. Plaintiff transmitted said checks to W. Hetherington & Co., of Atchison, Kansas, indorsing each of them as follows: "Pay to the order of W. Hetherington & Co., Atchison, account of First National Bank, Chicago. L. J. Gage, Cashier." 3. The said Hetherington & Co. forwarded said checks to the Mastin Bank, at Kansas City, Mo., indorsed as follows: "Pay to the order of Mastin Bank, for collection, account of Hetherington. Exchange Bank, Atchison, Kansas." By letter inclosing said checks, the Mastin Bank was requested to receive the same, "for collection and credit." 4. The Mastin Bank sent said checks by mail to the defendant, with a letter, stating the same to be for collection and credit; and the defendant, before 9 o'clock A.M., of August 3, credited the amount of said checks to the Mastin Bank, cancelled, and placed them on the "sticker," and on same day charged the amount thereof to the drawers. 5. The Mastin Bank did business as a bank on August 2d, but failed, and did not open its doors on August 3d. 6. The parties through whose hands said checks passed after they were indorsed to plaintiffs were all bankers, and doing business as collecting agents. 7. When plaintiff sent the checks to Hetherington & Co., they charged the amount thereof to them; and, upon receipt of the checks, Hetherington & Co. credited the amount thereof to plaintiff. 8. In like manner, Hetherington & Co., upon transmitting said checks to the Mastin Bank, charged the amount thereof to the latter; and upon receiving the checks on the 1st of August, the Mastin Bank credited the amount of them to Hetherington & Co. 9. The Mastin Bank, on the 3d of August, made an assignment of all its effects to Kersey Coates, as assignee, for the benefit of its creditors. 10. The Mastin Bank was

largely indebted to defendant when it failed, and the defendant, having collected said checks, applied the amount thereof upon said indebtedness. 11. The plaintiff and Hetherington & Co. were, and for a long time had been, correspondents, as had been Hetherington & Co. and the Mastin Bank, and the Mastin Bank and defendant. The transactions, charges, and credits, were in the usual course of business. 12. In March, 1879, the plaintiff credited back on its books to Hetherington & Co. the amount of these checks. 13. Hetherington & Co. proved their claim against the estate of said Mastin Bank, which claim included the amount of said checks, and was allowed in January, 1879, and they have since received from the assignee a dividend of twelve per cent. Said proof was not made at its suggestion, or with the knowledge of plaintiff. Hutchinson, where defendant bank is located, is more than 200 miles from Kansas City, where the Mastin Bank was located.

Upon these facts, the question is whether defendant, when it collected the money on the checks, became the debtor of the plaintiff or of the Mastin Bank?

It is insisted on the part of plaintiff that the checks were the property of plaintiff, and that due notice of its ownership was communicated to defendant by the restrictive indorsements thereon; and that the defendant has shown no right to retain their proceeds, or to apply the same on its claim against the Mastin Bank. On the part of defendant it is insisted that plaintiff can not recover, because there is no privity between plaintiff and defendant.

In the case of *Bank of Metropolis v. New England Bank*, 1 How. 234, it was held that, if negotiable paper, not at maturity, be indorsed and delivered to a bank merely for collection, and be sent by such bank to another bank for collection, without notice that it does not belong to the former, the latter may retain the paper and its proceeds to satisfy a claim for a general balance against the former, if that balance has been allowed to arise and remain on the faith of receiving payment from such collections pursuant to a long usage between the two banks. In that case it appeared that the paper in question was indorsed by the New England Bank, of Boston, to the Commonwealth Bank, of Boston, for collection merely, and the latter bank sent it for collection to the Bank of the Metropolis, in the City of Washington. The indorsement to the Commonwealth Bank did not show that title was retained by the New England Bank. The Bank of the Metropolis having collected the paper and applied the proceeds to the payment of a claim held by it against the Commonwealth Bank, which in the meantime had become insolvent, sought to show in justification, that for a series of years it had been in the habit of receiving such paper from the Commonwealth Bank, which was always treated as the property of the Commonwealth Bank, and credited to it in the account current, and that the paper in question was received in that way, in the ordinary course of business, without any notification that any other party or person had any interest therein. The Court said: "It is evident that a loss must be sustained either by the plaintiff or defendant in error, by the failure of the Commonwealth Bank. We see no good ground for maintaining that there is any superior equity on the side of the New England Bank. It contributed to give to the corporation, which has proved insolvent, credit with the plaintiff in error, by the notes and bills which it placed in its hands to be sent to Washington for collection, indorsed in such a form as to make them *prima facie* the property of the Commonwealth Bank, and enabled it to deal with them as if it were the real owner." It will be seen that this case was decided upon the ground that the paper was indorsed so as to show *prima facie* a perfect title in the indorsee, thus enabling the latter to use it as his own and to get credit on the faith of absolute ownership. It is clear that, had the indorsement been restrictive in its character, so as to show the continued ownership of the New England Bank, the result would have been different. Of the effect of restrictive indorsements, I shall speak hereafter.

In the case of *Wilson v. Smith*, 3 How. 763, it was held that if the owner of a bill send it to an agent, not residing at the place where it is payable, for collection, the agent has an implied authority to employ a sub-agent at that place, and if the sub-agent receive the contents, the owner can sue him for money had and received, although the sub-agent had no notice when he col-

lected the money, that the agent was not the owner. And it was also held that in such a case the sub-agent cannot retain part of the proceeds on account of a debt of the agent, unless he has given credit on the faith that the agent owned the bill. It is admitted that this case is decisive of the case at bar, unless it has been overruled by the recent case of *Hoover v. Wise*, 91 U. S. 308, 3 Cent. L. J. 276, which must now be considered. That was a suit in bankruptcy. Wise and Greenbaum owned a money demand which they delivered for collection to a collection agency in Nebraska. That agency transmitted the claim to an attorney, who, knowing the insolvency of the debtor, persuaded him to confess judgment. It was held that the attorney was the agent of the collection agency, which employed him, and not of the creditor, and that therefore his knowledge of the insolvency of the debtor was not chargeable to them. The case undoubtedly holds that there is, in such cases, no privity between the last agent and the owner of the paper, and therefore, if it be necessary for plaintiff in the present case, to establish such privity between it and the defendant, this action must fail. Of course, it was necessary in the case of *Hoover v. Wise*, to show such privity, since that is the very foundation of the doctrine invoked in that case, that notice to the agent is notice to the principal. But in this case we are to consider whether the plaintiff's right to recover is not made out by showing that the bills collected by defendant were plaintiff's property, and that defendant had, in the restrictive indorsement on the paper itself, notice of plaintiff's ownership. That the bills were the property of plaintiff cannot be questioned. There is no pretence that it sold them to Hetherington & Co. or ever transferred any interest in them, or control over them, except the right to collect them for plaintiff's use and benefit. Is it not equally clear that defendant had notice of plaintiff's ownership? The indorsement by which plaintiff transferred the paper is in these words: "July 29, 1878. Pay to the order of W. Hetherington & Co., Atchison, account of First National Bank, Chicago. L. J. Gage, Cashier."

This was clearly a restrictive indorsement, the effect of which was to restrict the further negotiability of the bills, and to give notice to the defendant, that the plaintiff did not thereby give title to them or to their proceeds when collected. *Daniel on Negotiable Instruments*, Vol. 1, sec. 698, and cases cited. Such an indorsement "shows plainly that the indorser does not mean to part with the absolute property in the bill, and is, therefore, barely authority to receive the money upon it." *Edwards on Bills and Notes*, sec. 277, *Seavill v. Putnam*, 3 Const. 494. "In every such case, therefore, although the bill may be negotiated by the indorsee, yet every subsequent holder must receive the money subject to the original designated appropriation thereof; and if he voluntarily assents to, or aids in, any other appropriation, it will be a wrongful conversion thereof, for which he will be responsible." *Parsons on Promissory Notes*, sec. 143, and cases cited.

Upon these principles, which are clearly recognized in *Bank of Metropolis v. New England Bank*, and in *Wilson v. Smith*, *supra*, the plaintiff in this case is entitled to recover, unless a different doctrine is established by *Hoover v. Wise*, already referred to. In that case, as already seen, the only point decided was, that the attorney, who collected the debt for the collection agency, "was not the agent of Wise and Greenbaum, the New York creditors, in such a sense that his knowledge of the bankrupt condition of Oppenheimer is chargeable to them." But suppose the attorney in that case had collected the money, knowing that Wise and Greenbaum owned the paper, and had refused to pay it over, assuming the right to apply it on a claim of his own against the collection agency, would it follow from this ruling that Wise and Greenbaum would have failed in a suit to recover it? That the Court did not intend to overrule its previous decisions above referred to, is, I think, clear from the language employed on page 314, as follows: "Nor do we think any great difficulty arises from the case of *Wilson v. Smith*, 3 How. 770. That decision is based upon the case of *Commonwealth Bank v. Bank of New England*, 1 How. 234, which is the only case referred to in the opinion, and in which case the question was not raised. The question there was not one of privity, but of the right to retain under the circumstances stated." Precisely so in this case; the

question is, as to the right of the defendant to retain the money under the circumstances. Inasmuch as it was plaintiff's money, and defendant had notice of that fact, I think he cannot retain it. In fact it was not necessary to show defendant's knowledge. I fully approve the doctrine announced by the Supreme Court of Massachusetts in *Hall v. Marston*, 17 Mass. 579, as follows: "Whenever one man has in his hands the money of another, which he ought to pay over, he is liable to this action (*assumpsit*), although he has never seen or heard of the party who has the right. When the fact is proved that he has the money, if he cannot show that he has legal or equitable ground for retaining it, the law creates the privity and the promise." This doctrine is not in conflict with the decision of the Supreme Court in *Hoover v. Wise*. The defendant's claim that it has the right to apply the proceeds of the checks collected by it to the liquidation of its claim against the Mastin Bank, is entirely without merit. There is not a shadow of ground for holding that defendant believed the paper belonged to the Mastin Bank. The indorsement to that bank declares in plain words that it was "for collection," so that the defendant was definitely informed that the Mastin Bank did not own the checks.

It appears that the plaintiff charged the checks to Hetherington & Co., at the time of sending them to that firm for collection, but this seems to have been in accordance with a custom prevailing in such transactions. The paper sent to an agent for collection is charged to the agent, and credit is given when it is returned uncollected, or, in case of collection, when the proceeds are remitted. This, however, does not affect the title to the paper or its proceeds. That depends upon the question whether the paper is sold or not, except in the case of an assignment, on its face purporting to be an absolute sale or transfer, upon the faith of which an innocent purchaser buys from the assignee or advances money to him.

It results from these views that a new trial must be granted, and that upon the facts found, there must be judgment for plaintiff.

NATIONAL BANKS AND STATE COURTS.

EMBEZZLEMENT BY A CASHIER.

SUPREME COURT OF PENNSYLVANIA.

Commonwealth ex. rel. Torrey v. Ketner.

A State Court has not jurisdiction to try a cashier of a National bank for embezzling its funds.

William Torrey, the prisoner and relator, was charged with embezzling, abstracting and misapplying the funds, moneys and assets of the First National Bank of Ashland, in Schuylkill county; a bank duly incorporated, organized and established under the laws of the United States, commonly known as the National Banking Act.

The prosecution, which was commenced before a justice of the peace, was returned to the Quarter Sessions of Schuylkill county, and in that court a true bill was found, and the indictment and record show upon the face of the proceedings that the offense charged was for embezzling, abstracting and misapplying the funds of the First National Bank of Ashland, created under the National Banking Act.

Torrey was arrested and lodged in the county prison, then took out this writ of *habeas corpus*, and, in obedience to its command, Ketner, the warden of the Schuylkill county prison, produced the body, and made return that he held the prisoner by virtue of the above-named proceedings.

By virtue of Article V, § 3, of the Constitution of 1874, the Supreme Court of Pennsylvania, in cases of *habeas corpus*, have original jurisdiction.

Counsel for relators contended: 1st. That the court below had not jurisdiction, for embezzlement was never a criminal offense at common law: 2 Russell n Crimes, 163; 4 Black Com. 230; *United States v. Clew*, 4 Wash. C. C.

Rep. 700. Congress has power to give the Federal Courts exclusive jurisdiction: *Houston v. Moore*, 5 Wheat. 1-24; 1 Kent Com. 398; Curtis Com. 176; *Clafin v. Houseman*, 3 Otto 141. Where an Act of Congress creating a corporation provides a punishment to be inflicted upon any officer of the corporation who embezzles its property, it is not competent for the State Legislature to make the same act an offense against the laws of the State: *Commonwealth v. Fuller*, 8 Met. (Mass.) 313; *Id. v. Felton*, 101 Mass. 204; *Id. v. Barry*, 116 *Id.* 1; *State v. Tuller*, 34 Com. 280. By section 711 of the Judiciary Act of 1879 (U. S. Rev. Stat. 134), the jurisdiction vested in the United States Courts is exclusive of the State Courts. Section 5,209, *et seq.*, of the National Banking Act provides for punishing embezzlement by officers. 2d. That the Acts of Assembly of the Pennsylvania Legislature did not cover this case, admitting that the Legislature had power to pass such an act; that sections 116, 117, 118 and 119 of the Crimes Act of 1860 (P. L. 411; Purdon's Dig. 348, §§ 169, 170, 171 and 172), were repealed by the act of June 12, 1878 (P. L. 196), and as that changed the penalty and the period of the Statute of Limitations after the alleged crime was committed, the relator could not be sentenced under it. That the act of May 1, 1861, (P. L. 515, Purdon's Dig. 124, § 41), only applied to State banks. The National banks were not in existence then.

Counsel for respondent contended that the State Court had jurisdiction, as the charge against the relator was not for violation of any provision of any act of Congress, but is simply a charge of embezzlement by an officer of a bank in violation of the laws of this commonwealth. Jurisdiction of State Courts has been sustained in *Buckwalter v. United States*, 11 Serg. & R. (Pa.) 196; *White v. Commonwealth*, 4 Binn. (Pa.) 418; *Commonwealth v. Shaeffer*, 4 Dallas 27; *United States v. Hutchinson*, 4 Clark, 211 (7 Penn. Law Reg.); *Jett v. Commonwealth of Virginia*, 7 Am. Law Reg. (N. S.) 265; *Clafin v. Houseman*, 3 Otto 130; *Coleman v. State of Tennessee*, 7 *Id.* 509, especially, the dissenting opinion of CLIFFORD J., not differing in this respect from the majority of the court.

PAXSON, J.—It appears by the return to this writ that the relator is held to answer an indictment in the court of Quarter Sessions of Schuylkill county, charging him as cashier of the First National Bank of Ashland, with having embezzled the funds and property of said bank. There are three counts in the indictment, each varying the form of the charge, but not essentially changing its substance.

It is almost needless to say that a *habeas corpus* is not a writ of error. Hence, if the court below had jurisdiction of the offense we cannot correct its rulings in this proceeding, however erroneous they may be. On the other hand it is equally clear that if the relator is being prosecuted for a matter which is not an indictable offense by the law of Pennsylvania, or one over which the court below has no jurisdiction, it would be our right as well as our plain duty, to discharge him. No authority is needed for so obvious a proposition.

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. Our own legislation upon this subject may be briefly stated. We have first the Crimes Act of 1860, P. L. 382, the 16th section of which prescribes and punishes the offense of embezzlement by any person, "being an officer, director or member of any bank, or other body corporate or public company." Then we have the act of May 1, 1861, P. L. 515, entitled "A supplement to an act to establish a system of free banking in Pennsylvania, and to secure the public against loss from insolvent banks, approved 31st March, 1860," which also prescribes and punishes embezzlement by bank officers. Lastly, there is the act of 12th of June, 1878, P. L. 196,

which amends the aforesaid 116th section of the act of 1860, by substituting a new section in its place, and imposing a different punishment. This leaves the acts of 1861 and 1878 as the only ones which could possibly support the indictment. It was urged, however, and with much force, that the act of 1861 was only intended to apply to banks organized under the free banking law, of which it forms a part; and that as to the act of 1878, the offense charged in the indictment was committed prior to its passage. This fact was formally conceded upon the argument, and while we might not be able for such reason to grant relief upon *habeas corpus*, it furnishes a conclusive reason why, upon a trial in the Court below, the commonwealth could derive no aid from the act of 1878.

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" that 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 embezzlement 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 would 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 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.

The offense for which the relator is held is not indictable either at common law or under the statutes of Pennsylvania. We therefore order him to be discharged.

THE TENNESSEE STATE BOND SUIT.—The decision of Judge Withey, of the United States Circuit Court, in the suit of C. Amery Stevens and others, holders of Tennessee State bonds, against Tennessee railways, was rendered on September 27. After reviewing the tenor of the bond and the statutes under which they were issued, and the claims of the parties, the Court decides that the State was the principal debtor and not a surety; that the contract between the State and the company is that the State shall have a lien for the payment by said company of said bonds, but it is nowhere required by the State, and, therefore, not assented to by the company that the latter shall pay the bondholders; that the lien secured by the statute was a lien in favor of the State alone, and that the holders had no lien upon the roads. Hence he did not find it necessary to decide whether the bondholders had become estopped by acquiescence in the sale of the roads or funding of interest or otherwise, nor whether the proceedings resulting in the sale were legal and binding under section 12 of the acts of 1851 and 1852. It follows that by this judgment neither the foreclosed nor the non-foreclosed railroads are subject to any lien in favor of the holders of the internal improvement bonds, issued by the State of Tennessee under acts passed by the State. The decree will be entered in each case dismissing the bill of complainants therein, with costs to the defendants.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I.—INTEREST ON DAYS OF GRACE.

September 1st, 1879, A gave his note to B for \$1,000, due one year after date, with interest at eight per cent. On the 1st day of September, 1880, A tenders to B \$1,080, being the face of the note and interest at eight per cent. for one year. B refuses to take it, claims that the note is not due until September 4th, and declines to receive the money unless the extra three days' interest is also paid.

Query—Is the tender of \$1,080 on the 1st day of September a *legal* tender that B is bound to receive, and which will stop further interest? A claims that "days of grace" are optional to the payer to accept or reject at his pleasure.

REPLY.—We have never seen a decision upon this question, but, upon general principles, it seems to us free from doubt. Whatever may have been the idea upon which days of grace were originally allowed, they are now said to be added to negotiable paper as a matter of strict legal right. The note in this case was not due until the expiration of a year and three days, and was in effect a promise to pay in a year and three days. By its terms it carried interest until it was due, and we think that the holder was entitled to the three days' interest insisted upon. The rights of the parties are equal. The holder cannot insist upon payment before the expiration of the days of grace, and he ought not to be required to accept it.

II.—VALIDITY OF SIGNATURES.

Will the signatures on notes and checks by these new styles of pens, such as the Mackinnon, Stylographic, &c., hold in law?

REPLY.—Unquestionably such signatures are valid if genuine. They would be equally so if in lead pencil, or by any other instrument, the writing of which would prove itself.

III.—THE CASHING OF PENSION CHECKS.

Please inform me, through your magazine, if it is unlawful for a private banker, doing business in Minnesota, to make any charge for cashing United States pension checks or drafts, the same being payable at Milwaukee or New York, the amounts varying from twenty-five dollars to five and eight hundred dollars?

REPLY.—The United States Pension laws prescribe and limit the compensation, which may be demanded for services in prosecuting *claims* for pensions; but we find no warrant for supposing that they interfere with any proper and legitimate charge for cashing checks such as those mentioned above. The Government has no right to expect and does not ask bankers to render services to other people gratuitously or at a loss.

IV.—CHECKS PAYABLE AT A FUTURE DAY.

When would a check become due dated September 1, 1880, and payable September 26, 1880. The latter date being Sunday, would the check be payable on Saturday or on Monday, the same as a post-dated check?

REPLY.—The statute of New York, whence this inquiry comes, provides as follows:

“All checks, bills of exchange or drafts appearing on their face to have been drawn upon any bank, or upon any banking association or individual banker, carrying on banking business under the act to authorize the business of banking, which are on their face payable on any specified day or in any number of days after the date or sight thereof, shall be deemed due and payable on the day mentioned for the payment of the same, without any days of grace being allowed, and it shall not be necessary to protest the same for non-acceptance.” (§ 2, chapter 416, 1857.)

A check drawn so as to be payable on a future *Sunday*, not being entitled to grace in this State, is payable the Monday following.

THE DRAIN OF GOLD FROM EUROPE.

From the *Montreal Journal of Commerce*, of Sept. 17.

How much more gold can Europe spare? It is maintained that any very large exports will produce a panic there. This does not seem so improbable when we bear in mind how the reserves of gold in Europe have dwindled of late years.

The Bank of France is the principal European center where a metallic reserve is held. A comparison of the stock of precious metals held by that bank on the 31st of December of the last five years, with that held in the middle of July last, will show how rapidly the proportion of gold has been decreasing.

STOCK OF PRECIOUS METALS.

	Gold.	Percentage of Gold.	Silver.	Percentage of Silver.	Totals.
1876.....	£ 61,216,000	.. 71	.. £ 25,544,000	.. 29	.. £ 86,760,000
1877.....	47,084,000	.. 58	.. 34,616,000	.. 42	.. 81,700,000
1878.....	39,344,000	.. 48	.. 42,324,000	.. 52	.. 81,668,000
1879.....	29,644,000	.. 38	.. 49,164,000	.. 62	.. 78,768,000
1880*....	30,614,000	.. 38	.. 50,016,000	.. 62	.. 80,660,000

* To July 20th.

Thus within four years and a half, from December, 1876, to July, 1880, the proportion of gold held by the Bank of France has dropped from 71 per cent. to 38 per cent. The supply of gold held in Paris and the unknown quantity held by the Bank of Germany may be regarded as the available stock out of which a demand for export could be met, and it may be supposed that any strong demand upon a stock so reduced will be resisted by higher rates of interest, or that if the gold is shipped, Europe will suffer, and that suffering cannot help reacting upon this continent. The absorption of gold, through the return to specie payments by the United States and the small supply in the money centers, will again revive the question of bi-metallism.

MR. COE UPON SILVER CERTIFICATES.

The official account is now published of the proceedings and speeches in the Bankers' Convention, held at Saratoga, in August. From the revised and authentic report which it contains of the speech of Mr. George S. Coe, of New York City, we subjoin what he said in reference to a proposed issue of certificates for silver bullion.

After recapitulating his objections to the present system of coining standard silver dollars, Mr. Coe suggested the following as a remedial measure :

"The only practical suggestion that I have seen upon this subject was made in a letter from Mr. John Thompson, President of the Chase National Bank, in January last, from which I read the following extract :

'To the Editor of the Tribune :

'SIR,—The people will not consent to have silver demonetized. The people will have paper money for a circulating medium. These assertions I believe to be unquestionable. It then becomes important to utilize silver judiciously, and to secure the very best quality of paper money.

* * * * *

'National bank notes are generally satisfactory, but the high price of Government bonds, and the tax on the circulation of the banks, leave such a small profit that the larger banks decline to issue notes. The standard silver dollar is deficient in value as compared with gold, so that when the balance of trade turns against this country a suspension of gold payments will surely follow, for, in addition to the foreign demand, speculation will seize the gold for the premium it will certainly command.

'With these convictions fully established, and after carefully studying the temper of the people in all sections of the country, I feel called upon to express an opinion as to the best action to be taken. (1.) Stop coining the $412\frac{1}{2}$ grain dollar, and in lieu issue silver certificates against bullion at 450 grains per dollar. These Treasury certificates will be worth nine per cent. more for export than the standard silver dollar, and in my opinion these certificates will be worth more than gold dollars by the time the precious metals are wanted for foreign account. (2.) Stop coining gold also, at least until the present stock of coin shall be depleted, and until a more active domestic demand shall make it advisable to resume coinage. Against the gold bullion issue Treasury certificates at the present standard. Hold the foreign coins as bullion in their imported condition, ready for export or recoinage, as may be deemed advisable in the future. (3.) The Treasury certificates for both gold and silver should be elaborately engraved, and of all denominations of the present greenback issues, and should be issued to depositors of both gold and silver bullion without limit. In other words, the Mint should be open to depositors of silver as it is now open to depositors of gold.

'In the absence of an international understanding, it is hardly possible to fix a standard for each metal that will hold them to a uniform value. In my opinion, a dollar of 450 grains of standard silver will be the premium dollar when foreign exchange is against us.

'I can think of no better arrangement for withdrawing the legal tender currency, without financial disturbance, than this certificate measure.'

"This suggestion is not in my judgment a full solution of the difficulty, but it points in the right direction, and is deficient only in degree—in not proposing to receive and pay out silver bullion at its full commercial value. A

"The substantial objects which I desire to urge are these :

"FIRST. *To arrest the coinage of silver dollars of $412\frac{1}{2}$ grains, and to reconvert those already produced into silver bullion, coining silver only as wanted for subsidiary currency.*

"It would unquestionably be the wiser policy for Government to stop here, and to cease all further legislation respecting silver, leaving it to the free action of commerce and of natural laws. But if this be found impracticable, then I propose,

"SECONDLY. *That the Treasury receive and pay out silver bullion as nearly as possible at its market value in gold, and issue certificates of deposit in denominations for circulation.*

"These simple propositions cover substantially the whole ground. These certificates of deposits or circulating notes would be issued as now, for even numbers of dollars, and of various denominations, and would be redeemable in gold, or at the pleasure of Government, in the equivalent value in silver bullion. The point of importance is to determine the *value* at which such bullion, after it is received, shall be paid out. This cannot be difficult when seriously undertaken, with the intention of doing strict justice, so that neither the depositor nor the Government shall gain or lose. If paid at the average rate as purchased, no great injustice would be done, and the present difficulty would be substantially removed. But more complete justice even than this, by which the fluctuation in values shall be regarded, is certainly possible.

"If it be objected, that Government would thus take upon itself an indefinite responsibility, the answer is, that it is now doing worse than that, and whatever existing obstacle is removed, or whatever facility is given by which commerce is promoted, inures to the prosperity of the people, and to the direct revenues of the Treasury. Government now rightly recognizes the expediency of participating with other nations in retaining silver in use as money, but in doing so, it stands in the very gates of commerce, using the world's scales in weighing silver bullion into its coffers, but having a private and a lighter weight of its own in dealing it out. Its own people and the opinion of mankind will perpetually protest against this injustice.

"The advantages to be secured by the policy recommended are manifestly these :

"1. It arrests the evil of two values in money, whose baneful results we have partially described.

"2. It provides a much-needed paper circulation for business uses, of absolute and unquestionable value, based upon silver bullion, or upon gold bullion and coin, held in the Treasury vaults, under guard of the National forces. Such notes need no legal-tender compulsion. They would be everywhere freely received and paid upon their own merits by the people, or be held as bank reserves, without hesitation or danger of loss.

"3. It will confirm and secure resumption of coin payments upon the gold basis as now commenced, and remove all occasion to discriminate between different forms or values of money.

"4. It will provide a certain, legitimate and more extended use and market for the silver, as well as the gold productions of the country.

"5. It will open a way for the gradual substitution of bullion notes for the legal tenders now outstanding.

"6. Finally, it will establish the financial situation of the country, upon a basis that will promote the welfare of the people and the stability of the Government."

FINANCE IN POLITICS.—Among the declarations of political doctrine made by the Republican State Convention (Sept. 15) in Massachusetts, was the following: "It is to the Republican party alone that the friends of a currency based upon the value of gold coin can look for a repeal or modification of the laws relating to the coinage of the silver dollar, which derived their chief support from Democratic votes, and which were passed over the veto of a Republican President; and the Republicans of Massachusetts are of opinion that the continued coinage of silver dollars of the present standard, while the monetary relations of gold and silver remain substantially as they now are, will bring about the expulsion of gold from the country, and impose upon our commerce and industry the disadvantages of a currency depreciated in the markets of the world, and that the coinage of these dollars, now going on at the rate of two millions a month, ought to be suspended until the relations between gold and silver have been uniformly established by the leading commercial countries."

BANKING AND FINANCIAL ITEMS.

EXPENSES OF BANK NOTE REDEMPTION.—The accounts for the expenses of redeeming the notes of National banks under the act of June 20, 1874, are now being made up by the Treasurer of the United States, preparatory to assessing the amount upon the several National banks as required by that act. These expenses are divided by the law into two classes, viz.: "Costs for assorting" and "charges for transportation," both of which are much less than in any previous year.

There is shown to have been a steady reduction in the annual expenses of the redemption system since 1876. In that year they were \$365,193, while in 1880 they are only \$143,728, a reduction of over sixty per cent.

CONSUMPTION OF GOLD AND SILVER IN THE ARTS.—The Bureau of the Mint is still busily engaged in sending out circular letters, for the purpose of obtaining as definite information as possible upon which to base an estimate of the amount of gold and silver consumed in the arts and manufactures of the United States. From replies already received the consumption for the last fiscal year greatly exceeds that of 1879. The exact figures, compiled from the responses to the circular, will be contained in the annual report of the director.

EXCHANGING SILVER FOR GOLD.—The following circular, regarding the exchange of standard silver dollars or silver certificates for gold coin or bullion, was issued by the Secretary of the Treasury on September 18th:

"Until further notice the United States Assistant Treasurer at New York will pay out at his counter standard silver dollars or silver certificates in sums of \$10, or any multiples thereof, in exchange for like amounts of gold coin or gold bullion deposited with him.

"Upon the receipt by the Treasurer of the United States, in this city, of an original certificate of deposit issued by the United States Assistant Treasurer at New York, stating that there has been deposited with him gold coin or gold bullion in the sum of \$10, or any multiple thereof, payment of a like amount in standard silver dollars or silver certificates at the counter of any United States Assistant Treasurer designated by the depositor, will be ordered."

THE OLD SEVEN THIRTY NOTES.—The Treasury Department has received lately a considerable amount of old seven-thirty notes which were redeemed in 1868. These notes were convertible into five-twenty bonds before the date of redemption, the option being printed on their backs. With some of the notes now being received come a request from the holders that they be converted into five-twenty bonds. This being unlawful the notes are only paid in money, with accrued interest to 1868.

RAILROADS, ETC.—On September 13th the Northern Pacific Railroad had reached a point 133 miles west of the Missouri River. At Green River, 105 miles west of the Missouri river, a great many cattle were received for transportation eastward.

A large force of men broke ground at Sandwich, Mass., September 15, on the Cape Cod Canal.

THE SOUTHERN PACIFIC RAILROAD—Dispatches from Tucson, Arizona, on September 24, state that the Southern Pacific Railroad is open for traffic to Sansimon, 125 miles east of Tucson and 1,105 miles east of San Francisco. The track is laid fifteen miles further east into New Mexico, and is progressing very rapidly. All the difficult work at the Continental Divide has been completed. Two hundred miles of track have been laid this year, and the chief of construction is confident that he will lay 100 miles more by January 1 next, which will bring the road to the Rio Grande at Mesilla.

ARKANSAS.—Mr. Van L. Runyan, lately cashier of the Hot Springs Bank, has resigned that position. He is succeeded by Mr. Charles N. Rix, who brings into the bank additional capital and experience.

CALIFORNIA.—The London and San Francisco Bank, of San Francisco, has voted to reduce its capital from £ 600 000 to £ 420,000.

The San Francisco *Commercial Bulletin*, of Sept. 16, says: "Thirteen million three hundred thousand bushels of grain were shipped hence to Europe during the last month, in 146 steamers, 14 ships, 144 barks, and 11 brigs. It is confidently expected that fifteen million bushels will be shipped this month.

PETROLEUM IN CALIFORNIA.—It is currently stated that a combination of Western capitalists has obtained control of all the oil-producing country of California, five hundred and fifty miles in length, stretching from Santa Cruz to Santa Barbara, and including 200,000 acres. During the last twelve years three parts of the oil-bearing region have been partly developed by various parties. The present monopoly is said to be the result of successive combinations of the original owners, who finally sold their interests to the three leading men: C. N. Felton, ex-Assistant United States Treasurer; Lloyd Tevis, president of Wells, Fargo & Co.'s Express and Bank, and D. G. Scofield. They have formed the Pacific Coast Oil Company, and under its control the California oil country promises to be one of the great important oil-producing regions of the world. It has been reported that the Standard Oil Company was putting capital into the enterprise, but this is denied.

COLORADO.—During the fiscal year ending June 30, 1879, the total silver yield of Colorado was \$11,700,000. It was larger for the fiscal year ending June 30, 1880, but the exact figures are not as yet reported by the Director of the Mint. The Leadville district produced \$10,500,000 of silver during the calendar year 1879; \$7,813,866 during the first half of 1880; \$1,054,439 during last July; and \$1,296,352 during last August. During the fiscal year ending June 30, 1879, the silver yield of Nevada was \$12,560,000, but since then has fallen off considerably.

NEW JERSEY.—The Comptroller of the Currency has notified Receiver Hobart of the defunct First National Bank of Newark, that a dividend of seventy per cent. will be declared for its creditors immediately. The bank suspended on the 11th of last June. Its creditors will be paid in full, the stockholders having been assessed 100 per cent.

WYOMING.—The population of Wyoming Territory increased from 9,276 in 1870 to 21,900 in 1880.

CANADA.—The bank statement for August shows a subscribed capital of \$62,441,133; paid up, \$59,611,352; notes in circulation, \$21,397,753. Total liabilities, \$112,989,610; assets, \$184,882,075; average amount of specie held during the month, \$6,860,026: Dominion notes held during the month, \$10,487,645.

THE CONSOLIDATED BANK.—At a meeting of the shareholders of the Consolidated Bank, held at Montreal in June last, a special committee was appointed to make an investigation into the affairs of the insolvent institution, in order to ascertain if the late directors could not be held responsible in civil courts—the criminal prosecutions having broken down—for declaring dividends which were not earned and for squandering in four years over \$3,000,000 of capital belonging to the bank. The committee, presenting their report to an adjourned meeting on September 1st, have inquired fully into the history and management of the institution, charges the directors with the most serious maladministration during their term of office. A list of sixteen firms in Montreal alone is given by which the bank lost \$1,600,000, and over \$1,000,000 by a few firms at the different branches. There is also a charge made against the directors of using the bank's money in speculating in its stock by which a further loss was involved of \$65,000. They are accused of borrowing large sums of money at high rates of interest from other banks, and entering them in their monthly returns to Government as deposits, and also with meeting

their dividends out of these loans. The sums for which the committee considers the directors legally liable amount to within a trifle of \$400,000. The report was submitted to the meeting, which was one of the most excited ever held in Montreal. Sir Francis Hincks, Hugh Mackay and R. I. Reekie, the president, and two of the late directors, were present. Sir Francis defended the directors and charged all the shortcomings upon late General Manager Rennie, whom he accused of wilfully deceiving the board by withholding all knowledge of the heavy overdrawn accounts and large discounts granted to the firms by whom the losses were incurred.

BONDS OF SURETYSHIP.—The Canada Guarantee Company has been in operation several years. In 1872, the Executive Governments of the Dominion of Canada, and also of the Provinces of Quebec and British Columbia, ordered that the Company should be accepted as a sufficient security for all officers required to give bonds, and these examples were followed by the Province of Ontario, in 1873. Many railroads and banks in the United States now receive bonds from their employees, without any other guarantee than that of this Company. There are many similar institutions in Great Britain, but this Company is the only one in Canada, or the United States, which insures the fidelity of public and private employees as an exclusive business. We commend all who may be interested, as either employers or employees, to acquaint themselves with the valuable attribute of this Company. The address of the manager will be seen in the advertisement at beginning of this number.

FOREIGN.—In Great Britain and Ireland during the three months ending June 30, 1880, there were registered 301,302 births and 173,633 deaths, leaving the natural increase of population 127,669. Great as the emigration is, it falls a good deal short of that increase. But it is only in Great Britain that there is any gain in the numbers of the people. By the census of 1871 the population of Ireland was 5,402,759. According to the computations of the British Registrar General, it was 5,363,590 at the end of June, 1880. With revived emigration, it may be expected to fall off considerably during a few years to come.

Holders of the few shares of the Glasgow Bank, on which the assessment calls have been fully paid, are now asking £3,000 for them.

The official returns of the imports and exports of coin, in the case of a country with extended land frontiers like Austro-Hungary, cannot be very reliable. Be that as it may, they show that during 1878, 1879 and the first half of 1880, Austrian silver imports were 94,989,942 florins, and the exports 23,493,314 florins. The Austrian florin is about 48 cents. During 1879 and the first seven months of 1880 there were withdrawn 36,154,038 one-florin notes, their places being supplied by newly-coined silver florins.

The French attempt to circulate a gold coin, as small as one of the value of five francs, failed as completely as the attempt in this country to circulate one-dollar gold coins. A Paris letter says: "The gold five-franc pieces have almost entirely disappeared from the circulation, and are not re-issued when paid into the Bank. The amount of them coined during the Second Empire, when they were created, was 210 millions. These coins are so small and so liable to be lost, that the public object to receive them."

There was a report at the end of August, that the German Bank declined to pay out gold on its notes and on other claims against it, but the official account is, that it refused gold only at its branches, but continued to pay in gold at Berlin. It is not by law strictly obliged to redeem its notes in coin of any kind anywhere except at its head-office at the capital, but it engages to do so whenever it is "feasible." Its right to pay anywhere in silver thalers, which have not yet been demonetized, is conceded.

Gen Grant has written a letter advising the establishment in Mexico of National banks, based on Mexican six-per-cent. bonds, and that the notes of such banks should be kept at par by receivability for all taxes and dues to the Government.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from September No., page 232.)

<i>Bank and Place.</i>		<i>Elected.</i>	<i>In place of</i>
NEW YORK CITY.	Safe Deposit Vault } of National Park Bank }	William H. Dakin, <i>Mgr.</i>	J. W. Dominick.
ARK....	Hot Springs B'k & Safe Dep. Co.	Charles N. Rix, <i>Cas.</i>	Van L. Runyan.
GA.....	Bank of State of Ga., Atlanta.	F. M. Coker, Jr., <i>Cas.</i>	W. L. Peel.
"	First National Bank, Rome....	E. A. Williams, <i>Cas.</i>	B. I. Hughes.
MASS...	Cape Ann Nat'l B'k, Gloucester	John G. Dennis, <i>Pr.</i>	G. P. Low.*
MICH...	First National Bank, Saginaw..	William Powell, <i>Cas.</i>	A. F. R. Braley.*
MO.....	Continental Bank, St. Louis...	George A. Baker, <i>Pr.</i>	T. B. Edgar.
N. Y. ...	Nat'l Spraker B'k, Canajoharie.	Frasier Spraker, <i>Pr.</i>	J. Spraker.*
"	National Bank of West Troy..	A. T. Phelps, <i>Cas.</i>	B. McE. Shafer.*
R. I....	Coddington Sav. B'k, Newport.	Nathaniel R. Swinburne, <i>Tr.</i>	B. Mumford.*
Wis....	Rock County Nat'l Bank, } Janesville }	C. S. Jackman, <i>Cas.</i>	C. S. Crosby.
		S. B. Smith, <i>A. C.</i>	C. S. Jackman.

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from September No., page 231.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
COL....	Animas City. .	Daniels, Brown & Co.....	Kountze Brothers.
IOWA...	Humeston	Home Bank (Hasbrouck & McCulloch)	Continental N. B.
KANSAS.	Marysville	Marshall County Bank.....	Kountze Brothers.
MICH...	Quinnesec	Bank of Quinnesec (I. A. Cronkhite)	First Nat'l B'k, Chic.
"	Saginaw	Citizens' National Bank... \$50,000	Daniel Hardin, <i>Pr.</i> D. W. Briggs, <i>Cas.</i>
NEB....	Neligh.....	Cheney & Adams	Kountze Brothers.
"	Oakland.....	A. E. Wells & Co.....	Kountze Brothers.
NEVADA	Reno	Paxton, Curtis & Co.....	Agcy., Bank of Cal.
N. Y....	East Bloomfield	Hamlin & Steele.....	Metropolitan National Bank.
OHIO...	Fremont	Bank of Fremont.....	L. Wideman, <i>Pr.</i> C. M. Spitzer, <i>Cas.</i>
TEXAS.	McKinney	Collin County Bank.....	S. M. Swenson & Son.
VA.....	Lynchburg.....	Lynchburgh Fire Ins. Co..	Kountze Brothers.
"	Wytheville.....	Lynchburgh Fire Ins. Co..	Kountze Brothers.
ONT....	Petrollea	Federal Bank of Canada..	Amer. Exch. Nat'l Bank.
"	Stayner	Gordon, Rogers & Co.....	National Bank of Commerce.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from September No., page 231.)

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Authorized.</i>	<i>Capital.</i> <i>Paid.</i>
2492	Citizens' National Bank..... Saginaw, MICH.	Daniel Hardin..... D. W. Briggs.	\$ 100,000	\$ 50,000.

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from September No., page 233.)

NEW YORK CITY.....	Rufus Hatch & Co.; dissolved. Rufus Hatch continues. Same style.
" " "	Hewson, Kilbreth & Co.; now J. H. Hewson.
" " "	Hilmers & McGowan; admit William H. Calhoun.
CAL.... San Francisco...	London & San Francisco B'k; capital reduced to £420,000
" .. Santa Barbara..	First National Gold Bank; now First National Bank.
CONN .. West Meriden..	Name of Post Office changed to Meriden.
FLA.... Pensacola	Knowles & Brent; dissolved. F. C. Brent continues.
" .. Tallahassee	B. C. Lewis & Sons; B. C. Lewis deceased. Business continued under same style by George and Edward Lewis.
GA.... Rome	Hargrove & Williams; now R. T. Hargrove.
KANSAS. Peabody.....	Kollock & Chenault; now F. H. Kollock.
MASS... Boston.....	Metropolitan National Bank; removed to 4 Post Office Square, corner Water Street.
" .. "	Lee, Higginson & Co.; admit Charles Fairfield.
MICH... Edmore.....	H. W. Robson & Co.; ceased banking business.
" .. Saranac.....	Mercer & Goodell; now W. Mercer & Son.
PENN... Philadelphia....	Thompson & Co.; failed.
" .. Coleville.....	Bank of Coleville; reported suspended.
UTAH.. Ogden.....	J. E. Dooly & Co.; now Guthrie, Dooly & Co.
" .. "	Fred. J. Kiesel & Co.; out of banking business.

OBITUARY.

Mr. JOHN R. COOK, President of the First National Bank of Rochester Minnesota, died at his residence in that city, on September 10th.

Mr. Cook was born in Ashland county, Ohio, in 1825. He went to Wolf Lake, Indiana, when twenty-four years of age, and conducted a successful mercantile business there until 1856, when he removed to the young Minnesota city, with whose business and prosperity he has ever since been identified. In 1864, having retired from active commercial pursuits, he established the First National Bank of Rochester, of which he has been president up to the time of his death.

Mr. Cook was well known in banking circles throughout Minnesota, and was much respected by all. He had been an invalid for several years, and had borne with quiet fortitude a chronic disease which at last ended his life.

BEACH'S INTEREST TABLES.—Attention is called to the advertisement of these tables at end of this number. While presenting some new features, they are both concise and comprehensive, and have been received with much approval by bank officers and accountants.

THE BANKS OF CANADA.

Abstract of Official Statements for August, 1880, and also of July, 1880, and August, 1879 :

	Aug., 1880.	July, 1880.	Aug., 1879.
Capital authorized.....	\$ 57,466,666 ..	\$ 57,466,666 ..	\$ 60,866,666
Capital subscribed	54,555,634 ..	54,555,634 ..	57,646,033
Capital paid up.....	53,107,918 ..	53,097,129 ..	56,101,239
LIABILITIES.			
Circulation.....	\$ 18,760,949 ..	\$ 17,608,590 ..	\$ 15,146,475
D. Government deposits on demand.	4,356,395 ..	4,455,764 ..	} 10,277,947
D. Government deposits after notice.	2,050,000 ..	2,050,027 ..	
Deposits security for Government contracts and Ins.....	844,598 ..	832,049 ..	} 601,246
Prov. Government on demand.....	1,849,058 ..	601,246 ..	
Prov. Government after notice.....	983,107 ..	1,187,450 ..	} 38,844,351
Other deposits on demand.....	39,222,842 ..	38,844,351 ..	
Other deposits after notice.....	30,089,556 ..	29,319,184 ..	} 56,465,659
Loans or deposits by other Canadian banks, secured.....	40,000 ..	55,000 ..	
Loans or deposits by other Canadian banks, unsecured.....	2,137,864 ..	2,530,373 ..	} 1,788,555
Due banks in Canada.....	1,052,229 ..	1,158,736 ..	
Due banks in foreign countries.....	57,467 ..	73,959 ..	} 1,768,523
Due banks in the U. K.....	397,140 ..	685,434 ..	
Other liabilities.....	268,209 ..	219,191 ..	} 80,913
	<u>\$ 102,109,414</u>	<u>\$ 96,203,932</u>	<u>\$ 85,528,072</u>
ASSETS.			
Specie.....	\$ 6,612,675 ..	\$ 6,554,938 ..	\$ 6,443,293
Dominion notes.....	9,862,338 ..	9,872,932 ..	8,266,218
Notes and cheques on other banks.	4,177,535 ..	3,073,702 ..	2,329,690
Due from banks in Canada.....	2,491,403 ..	2,813,989 ..	3,133,501
Due from banks in foreign countries.	26,249,832 ..	28,636,695 ..	} 10,114,598
Due from banks in U. K.....	2,611,668 ..	1,081,520 ..	
Available assets	<u>\$ 52,005,451</u>	<u>\$ 52,033,776</u>	<u>\$ 30,287,300</u>
Government Deb. or stock.....	\$ 1,014,669 ..	\$ 1,192,878 ..	\$ 1,872,483
Loans to Dom. Government.....	22,420 ..	42,368 ..	} 596,196
Loans to Prov. Government.....	1,216,495 ..	1,294,304 ..	
Securities other than Canadian....	1,280,153 ..	697,039 ..	} 6,693,891
Loans secured by other than Canadian collaterals.....	5,305,017 ..	4,785,687 ..	
Loans to municipal corporations...	882,349 ..	851,734 ..	} 3,283,485
Loans to other corporations	3,958,257 ..	3,761,082 ..	
Loans to or deposits in other banks, secured	29,867 ..	29,867 ..	
Loans to or deposits in other banks, unsecured.....	682,544 ..	651,308 ..	} 98,185,050
Discounts.....	87,119,703 ..	86,090,728 ..	
Notes overdue not specially secured.	2,073,870 ..	2,275,104 ..	} 5,217,488
Overdue notes secured	2,703,612 ..	2,574,617 ..	
Real estate.....	2,016,423 ..	2,025,468 ..	} 1,980,863
Mortgages on real estate sold by bank.	334,084 ..	322,977 ..	
Bank premiums.....	2,826,166 ..	2,824,949 ..	3,122,090
Other assets.....	2,520,193 ..	2,613,345 ..	1,202,144
Total liabilities.....	<u>\$ 165,992,073</u>	<u>\$ 164,073,233</u>	<u>\$ 152,440,950</u>
Directors' liabilities.....	\$ 4,702,657 ..	\$ 4,874,914 ..	—
Average amount of specie during month	6,314,695 ..	6,641,265 ..	—
Average amount of Dom. notes....	9,801,807 ..	9,746,860 ..	—

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

DEBT BEARING INTEREST.

	Aug. 1, 1880.	Sept. 1, 1880.
Bonds at six per cent.....	\$ 235,221,050 ..	\$ 229,440,150
Bonds at five per cent.....	484,129,550 ..	480,410,450
Bonds at four and a half per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	738,180,450 ..	738,241,350
Refunding certificates.....	1,167,350 ..	1,106,450
Navy pension fund.....	14,000,000 ..	14,000,000
Total principal.....	\$ 1,722,698,400 ..	\$ 1,713,198,400
Interest.....	15,091,687 ..	15,072,400
DEBT ON WHICH INTEREST HAS CEASED.....	6,841,115 ..	6,128,035
Interest.....	791,135 ..	771,412

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes.....	\$ 346,741,931 ..	\$ 346,741,896
Certificates of deposit.....	15,535,000 ..	11,300,000
Fractional currency.....	7,205,710 ..	7,181,995
Gold and silver certificates.....	20,573,890 ..	20,835,940
Total principal.....	\$ 390,056,531 ..	\$ 386,059,831
Unclaimed Pacific Railroad interest.....	7,777 ..	7,327
Total debt.....	\$ 2,119,596,046 ..	\$ 2,105,386,266
Interest.....	15,890,600 ..	15,851,139
TOTAL DEBT, principal and interest.....	\$ 2,135,486,647 ..	\$ 2,121,237,406
Total Cash in the Treasury.....	198,890,405 ..	196,668,332
Debt, less Cash in the Treasury at date.....	\$ 1,936,596,241 ..	\$ 1,924,569,074
Decrease of debt during the month.....	5,576,053 ..	12,027,167
Decrease of debt since June 30, 1880.....	5,576,053 ..	17,603,221

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 3,489,470 ..	\$ 2,964,803
Debt on which interest has ceased.....	6,841,115 ..	6,128,035
Interest thereon.....	791,135 ..	771,412
Gold and silver certificates.....	20,573,890 ..	20,835,940
U. S. notes held to redeem certificates of deposit..	15,535,000 ..	11,300,000
Cash balance available at date.....	151,659,793 ..	154,668,141
	\$ 198,890,405 ..	\$ 196,668,332

AVAILABLE ASSETS.

Cash in the Treasury.....	\$ 198,890,405 ..	\$ 196,668,332
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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.....	47,589,861 ..	47,589,861
Interest repaid by transportation of mails, etc.....	13,642,884 ..	13,643,333
By cash payments five per cent. net earnings.....	655,198 ..	655,198
Balance of interest paid by the United States.....	33,291,777 ..	33,291,329

NOTES ON THE MONEY MARKET.

NEW YORK, SEPTEMBER 25, 1880.

Exchange on London at sixty days' sight, 4.81½ to 4.82 in gold.

Considerable activity is reported in several departments of mercantile business, and the money market shows the results in the decline of the surplus reserves and the augmentation of the other averages of their weekly returns. Several important points are attracting attention in the financial circles, and are anxiously examined with a view to ascertain the probable monetary movements of the next three or four months. Two opposite opinions are expressed as to the prospects of activity in the loan market. By some persons the foreign imports of gold, the influx of capital from abroad for investment in this country, and various other collateral conditions of monetary ease are cited in confirmation of the theory that the rates of interest will rule low during the rest of this year, and that the financial situation will be characterized by ease, tranquility and the other qualities usually conducive to speculative activity, industrial progress and mercantile prosperity. On the other hand, it is pointed out that our imports are enormously increasing, that the demand in Europe for our bread-stuffs and other commodities will probably be much smaller next year, and that the active movement of gold this way may induce the European monetary magnates to tighten the screws and set in operation forces which, in the sensitive condition of our public credit, might compromise our present and future hopes and check the growth of that financial improvement which has been so full of promise. Moreover, the low state of our bank reserves is pointed out, and the question is asked how our New York banks can afford to meet the demand from the interior for money to move the crops, without disturbing the money market and causing perturbation, if not stringency, and a considerable enhancement of the rates of interest? The figures and comparative statistics cited in support of these opposite arguments, would command greater influence if they could be supplemented by more accurate information as to what has been done with the immense sums of coin and currency which have been drained from the financial centers to the interior since the resumption of specie payments, and how far these latent hoards of money can be made available to move the crops and to meet the other demands of the interior for increased monetary supplies during the activity of the fall business, so as to supersede in part the necessity of shipping currency from New York. The evidence is being carefully scrutinized in various parts of the country and much light has been thrown upon it, the result of which seems to be showing itself in a growing confidence that the monetary ease of the next two or three months is not likely to be seriously interrupted from any of the causes above referred to. The low state of the reserves of the banks, is, however, a very important factor in all calculations as to the monetary situation and its present or prospective changes. The sharp contraction of loans observed last week is expected to be renewed this week, as the banks are preparing for the usual October quarterly statement to Washington. Subjoined are the averages of the New York Clearing House for several weeks past :

	<i>Loans.</i>	<i>Specie.</i>	<i>Legal Tenders.</i>	<i>Circulation.</i>	<i>Net Deposits.</i>	<i>Surplus.</i>
Aug. 28.....	\$ 310,738,100	\$ 65,413,800	\$ 15,335,500	\$ 19,396,800	\$ 296,422,900	\$ 6,643,576
Sept. 4.....	311,942,800	65,434,700	14,541,400	19,342,300	297,186,800	5,679,400
" 11.....	313,715,200	66,340,300	13,948,200	19,351,600	298,350,500	5,700,875
" 18.....	314,123,500	66,517,700	13,517,700	19,344,500	298,928,700	5,302,825

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>
Aug. 30.....	\$ 146,627,900	\$ 6,002,000	\$ 3,128,600	\$ 55,228,200	\$ 30,514,900
Sept. 6.....	147,259,200	6,281,800	2,945,200	55,495,300	30,508,500
" 13.....	146,749,700	6,871,600	2,962,500	56,069,500	30,569,800
" 20.....	146,074,800	7,082,300	2,843,500	56,342,900	30,468,300

* Deposits indicate all deposits other than Government and banks, less Clearing-house checks.

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

	<i>Loans.</i>	<i>Reserves.</i>	<i>Deposits.</i>	<i>Circulation.</i>
Aug. 30.....	\$ 69,967,170	\$ 19,755,665	\$ 61,109,690	\$ 12,161,925
Sept. 6.....	70,254,008	19,352,411	61,532,113	12,154,778
" 13.....	70,563,376	20,676,935	63,010,452	12,178,215
" 20.....	70,782,054	21,300,239	64,683,179	12,209,230

The stock market is dull and unsettled. Governments are lower, but the transactions are small. The Treasury purchases have helped to sustain the market, and doubts have been expressed as to whether the sinking-fund purchases should be kept up, or whether the surplus revenues of the Treasury should not be applied to some other object than the purchase of bonds not yet due. On the \$96,271,000 of bonds which have been purchased by Secretary Sherman during his administration the net interest saved is \$4,134,685 per annum. The benefits of such a policy are obvious, but whether it will be possible to continue it is uncertain, and this, with the election excitement and other circumstances, has a depressing influence upon quotations, as the investment demand is less active, and considerable sales have been made by capitalists and dealers, who found that they could realize a good profit at present quotations. The variation in prices since January 1, 1880, and the amount of each class of bonds outstanding Sept. 1, 1880, compare as follows :

	<i>Quotations since Jan. 1, 1880.</i>		<i>Amount Sept. 1, 1880.</i>	
	<i>Lowest.</i>	<i>Highest.</i>	<i>Registered.</i>	<i>Coupon.</i>
6s, 1880.....	101½ July 27	104½ May 20	\$ 12,181,000	\$ 2,676,000
6s, 1881.....	103¾ July 9	107½ May 26	162,653,800	51,204,400
5s, 1881.....	102¾ Aug. 4	104½ Apr. 28	299,127,200	181,283,250
4½s 1891.....	106¾ Jan. 2	111¾ Aug. 2	172,091,500	77,908,500
4s, 1907.....	103 Jan. 2	110¾ Sept. 3	532,242,350	205,999,000
6s, currency.....	125 Apr. 21	130 Sept. 9	64,623,512	—

In London the Stock Exchange quotations are reported as follows :

	<i>Quotations in London.</i>				<i>Range since Jan. 1, 1880.</i>	
	<i>Sept. 3.</i>	<i>Sept. 10.</i>	<i>Sept. 17.</i>	<i>Sept. 24.</i>	<i>Lowest.</i>	<i>Highest.</i>
U. S. 5s of 1881.....	106	106	105¾	105¾	104½ Apr. 15	106¾ Jan. 12.
U. S. 4½s of 1891.....	114¾	114¾	113¾	113¾	109¾ Jan. 2	114¾ Aug. 3.
U. S. 4s of 1907.....	114¾	114	113	112¾	106¾ Jan. 2	114¾ Aug. 31.

At the close State stocks are dull; railroad bonds irregular, and railroad shares unsettled. The coal stocks have been weak and mining shares are less active. Foreign exchange is dull, the supply of commercial bills being limited and the volume of business very small. The Bank of England has not advanced its rate of discount to check the flow of gold to this country, but some

expedients are said to have been adopted for that purpose by some of the banks and financial institutions of the continent of Europe. Hence, it has been suggested that our foreign bankers and capitalists who have balances in Europe will do well to adopt a cautious policy, as, if the European banks should take the alarm, they have the power to devise measures which would be productive of present inconvenience here and might perhaps bring upon us still graver troubles in the future. Subjoined are our usual quotations :

QUOTATIONS :	Aug. 26.	Sept. 2.	Sept. 9.	Sept. 16.	Sept. 23.
U. S. 6s, 1881, Coup...	104½ ..	104½ ..	104½ ..	104½ ..	104½
U. S. 4½s, 1891, Coup...	111½ ..	110¾ ..	110¾ ..	110¾ ..	109¾
U. S. 4s, 1907, Coup...	110 ..	110¾ ..	110½ ..	110¾ ..	109¾
West. Union Tel. Co...	105½ ..	104¾ ..	104¾ ..	105½ ..	98
N. Y. C. & Hudson R.	130¾ ..	130¾ ..	132½ ..	129¾ ..	129¾
Lake Shore.....	107¾ ..	107¾ ..	109¾ ..	107¾ ..	106¾
Chicago & Rock Island	114¾ ..	114 ..	117½ ..	118 ..	116¾
New Jersey Central...	76½ ..	76½ ..	78¾ ..	76½ ..	73
Del., Lack. & West....	90¾ ..	90¾ ..	91½ ..	90 ..	90¾
Delaware & Hudson..	84¾ ..	86 ..	87 ..	85¾ ..	84¾
Reading.....	23 ..	23½ ..	30¾ ..	30¾ ..	28
North Western.....	99¾ ..	101¾ ..	104 ..	102¾ ..	102¾
Pacific Mail.....	40¾ ..	40¾ ..	42¾ ..	40 ..	38¾
Erie.....	38¾ ..	39¾ ..	40 ..	38¾ ..	38¾
Discounts.....	4 @ 5 ..	4 @ 5 ..	4 @ 5 ..	4 @ 5 ..	4 @ 5
Call Loans.....	2½ @ 3 ..	2½ @ 3 ..	2½ @ 3 ..	2½ @ 3 ..	2 @ 2½
Bills on London.....	4.81½-4.83½ ..	4.81½-4.83½ ..	4.81½-4.84 ..	4.81½-4.84 ..	4.81½-4.84
Treasury balances, coin	\$87,237,434 ..	\$83,125,107 ..	\$82,040,625 ..	\$81,548,080 ..	\$79,995,005
Do. do. cur.	\$6,648,194 ..	\$6,023,354 ..	\$6,225,353 ..	\$5,453,660 ..	\$5,136,321

At the request of the American Bankers' Association, Mr. Comptroller Knox has just compiled a statement of the amount of bank notes which are authorized but uncalled for by the National banks under the existing law. The statement shows that the total circulation authorized is \$391,392,933, of which the amount issued is \$322,135,371. Hence the total of bank notes not called for by the banks is \$69,257,562, of which \$18,709,601 are for the Eastern States; for the Middle States, \$29,473,411; for the Southern States, \$3,166,645; for the Western States, \$16,166,105; and for the Pacific States, \$1,741,800. These figures are made up from the statement of September 4, 1880. In New York and some other large cities the outstanding aggregate of bank notes is decreasing in consequence of the small profit of issuing currency, and the bank-note issues are generally expected to be considerably lowered in their aggregate during the coming year when the five-per-cents are redeemed which the banks have deposited for circulation at Washington.

The trustees of the Emigrant Industrial Savings Bank of this city have directed that interest accruing, from and after January 1st next, on all bonds and mortgages held by the bank shall be charged at the rate of five per cent. per annum.

At a meeting, Sept. 14, of the Aldermen of New York City, the following ordinance was adopted: "The Commissioners of the Sinking Fund for the redemption of the city debt are hereby authorized, as provided by section 1 of chapter 552 of the Laws of 1880, by concurrent resolution, to direct that the bonds and stocks of the City of New York hereafter issued pursuant to law shall be exempt from taxation by said city and by the county of New York, but not from taxation for State purposes, and all bonds and stocks issued

pursuant to such authority shall be exempt from taxation accordingly, provided that said bonds and stocks shall not bear interest exceeding the rate of $4\frac{1}{2}$ per cent. per annum."

On Wednesday August 25, the offerings of bonds for the sinking fund were \$7,122,350, of which the Secretary accepted \$2,500,000 as follows, viz: \$183,900 of the 5s of 1881 at 102.77@102.78; \$34,000 of the 6s of 1880 at 102 $\frac{3}{4}$ @102 $\frac{1}{2}$; and \$2,282,100 of the 6s of 1881 at 104.77@104.80. Of the 6s of 1881, the First National Bank furnished \$2,100,000 at 104.80.

On Wednesday, September 1, the offerings of bonds were \$9,016,250 of which \$2,500,000 were accepted as follows: \$976,000 6s of 1880 at prices ranging from 102.48 to 102.51; \$891,000 5s of 1881 at 102.78, and \$633,000 6s of 1881 at 104.78. Among the accepted bonds were \$796,000 of the 6s of 1880 at 102.51, offered by the New York Mutual Life Insurance Company.

On Wednesday, September 8, the offerings of bonds were \$6,796,000, of which \$2,500,000 were accepted as follows, viz: 6s of 1881 at 104.65@104.70, and 5s of 1881 at 102.65@102.72.

On Wednesday, September 15, the offerings of bonds were \$5,649,700, of which \$2,500,000 were accepted as follows, viz: \$1,675,500 of the 5s of 1881 at 102.53@102.59; \$631,500 of the 6s of 1881 at 104.48@104.65, and \$193,000 of the 6s of 1881 at \$102.37@102.60.

On Wednesday, September 22, the offerings of bonds were \$6,324,700, of which \$2,500,000 were accepted as follows, viz: \$2,452,000 of the 5s of 1881 at 102.67@102.72, and \$48,000 of the 6s of 1880 at 102.52@102.60.

The first order for silver certificates based on a gold deposit in New York was received by the United States Treasurer, September 22. It was for \$25,000, the certificates to be paid in St. Louis at the Sub-Treasury.

The importations of gold at New York from August 2 to Sept. 24, were \$25,365,600, of which only \$1,722,500 was in American gold coins.

The officials at Washington report that the orders for silver dollars continue large, and also that a considerable demand has arisen lately for the shipment of subsidiary silver coins.

During the week ending September 18, the United States Treasury shipped 822,496 silver dollars for distribution, as compared with 359,493 during the corresponding week of 1879.

During the six working days ending with the 1st of September, there were paid in at the New York Custom House \$1,646,000 in silver certificates, and during the six working days ending Sept. 16, \$1,142,000.

During the fiscal year ending June 30, 1880, the United States Land Office conveyed 1,455,724 acres for cash, 6,070,507 acres under the Homestead Acts, and 2,129,705 acres under the Timber-Planting Acts.

The maximum of the outstanding National bank notes during this year was reached May 31, when the amount was \$343,836,243. On the 31st of August it was \$342,728,018. The decrease during August was \$88,754.

At the end of August, the Government 6s, payable December 31, 1880, were reduced to \$14,857,000.

On the 24th of September, the Delaware, Lackawanna and Western Railroad declared a dividend of one and a half per cent., the first since July, 1876.

The dividends on British railroads during the first half of 1880 were greater by \$7,500,000 than during the first half of 1879.

The city of Montreal commenced the sale of an issue of five-per-cent. bonds by obtaining a premium of one and three quarters per cent., but was able to gradually advance the price, until it reached four-per-cent. premium at the close.

The syndicate in New York, which offered for sale \$3,500,000 of six-per-cent. gold bonds of the Louisville and Nashville Railway at 102 and accrued interest, announced September 14 that the sale of them was completed.

The London papers print a circular of the Continental Financial Agency, which states that the Canadian Pacific Railroad Syndicate is composed, (in addition to Messrs. Morton, Rose & Company, of London,) of Messrs. J. S. Kennedy & Company, of New York, and La Société Générale, of Paris. It is understood in New York that the statement is incorrect as to Keenedy & Company.

The money article (August 5) of the London *Times* had the following paragraph: "The tenders for £1,476,000 Treasury Bills were opened to-day at the Bank of England, the whole being allotted in three months' paper. Tenders for bills at £99 10s. 2d. will receive about six per cent., all above in full. This represents a discount rate of almost two per cent. per annum (39s. 4d.) and compares with one and one-half per cent. a month ago, when the open market rate was one and five-eighths per cent."

On the 2d of September there was a sale of £1,055,000 of three-months' exchequer bills, and of £445,000 of six-months' bills. The discount was two and three-eighths per cent. per annum on the three-months' bills, and within a minute fraction of three per cent. per annum on the six-months' bills. These sales show a sensible increase of the rates of interest in the London market.

During the month of August, British merchandise importations were £31,019,087, being £2,684,078 more than in August, 1879. The exports of British productions and manufactures were £19,088,115, being £1,751,807 more than in August, 1879.

The following dispatch from Rome, September 24, is copied for what it may be worth: "The Italian Government has asked Parliament to sanction a three-and-a-half-per-cent. loan of 1,500,000,000 lire [\$300,000,000], and to abolish the forced currency."

An actual resumption by Italy would cause a new demand on a great scale for gold and silver. For the present, it is a most improbable event.

DEATHS.

At GLOUCESTER, Massachusetts, on Thursday, August 5th, aged seventy-four years, GORHAM P. LOW, President of the Cape Ann National Bank.

At JANESVILLE, Wisconsin, on Thursday, August 12th, aged thirty-four years, C. S. CROSBY, Cashier of the Rock County National Bank.

At ROCHESTER, Minnesota, on Friday, September 10th, aged fifty-five years, JOHN R. COOK, President of the First National Bank of Rochester.

At WEST TROY, New York, on Tuesday, August 17th, aged thirty-six years, B. McE. SHAFER, Cashier of the National Bank of West Troy.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

NOVEMBER, 1880.

No. 5.

REDUCING THE NATIONAL DEBT.

During the six years ending June 30, 1879, the net amount of the National debt, after deducting cash on hand, was reduced \$120,000,000, or at an average annual rate of \$20,000,000. No period of the same length, characterized by a greater depression in business, can be pointed out in the entire history of the country under the present Constitution of the United States—that is to say, since the recovery from the exhaustion of the Revolutionary war. Falling prices, idle laborers, real estate devoured by mortgages, and shrinking public revenues, followed the panic of 1873, and remained without any mitigation until the summer of 1879. And yet it was found to be possible, even during that memorable epoch of financial and industrial disaster, to reduce the public debt at the average rate of \$20,000,000 per annum.

During these six years the interest account of the National debt was \$615,405,964, or at an average annual rate of \$102,567,661. There was thus paid during these years upon the public debt, interest and principal, the great sum of \$735,405,964.

It is a remarkable coincidence that \$20,000,000, which was the actual average yearly reduction of the debt during the six years ending June 30, 1879, is the precise figure of the estimated maximum of the annual ability of the country to pay off debt during the ten years from 1881 to 1891, which was arrived at as the result of the deliberations of the Committee of Ways and Means of the United States House of Representatives last winter. The five and six-per-cent. bonds become redeemable in 1881, and no other bonds be-

come redeemable until September, 1891. The committee decided that \$200,000,000 was the maximum of the principal of the debt which could be discharged by payment in the intervening ten years between 1881 and 1891, and they accordingly reported a bill to refund on twenty-four years all the debts redeemable in 1881 except \$200,000,000. They proposed to leave so much and no more in a condition to be reached within the coming decade, and even as to that, they proposed to impose the clogging restriction, that in no event and under no circumstances should more than \$40,000,000 be paid in any single year. And it is quite well known that their assent to the payment of even only \$200,000,000 in ten years, was a coerced and most reluctant concession to public sentiment, and that if the committee could have hoped to get through Congress such a bill as they themselves preferred, they would have reported one to refund the whole debt falling redeemable in 1881 on twenty-four years, or even longer. The term preferred by the chairman of the committee, Mr. Fernando Wood, was fifty years.

During the coming decade, the wealth of the country will be double what it was during the six years ending June 30, 1879. The population also will be sensibly greater, and we may expect an average degree of prosperity, and in fact what will be a high and palmy state of prosperity in comparison with the recent period of gloom. If, with these better conditions, we pay only as much on the principal and interest of the debt as we did then, all that is redeemable in 1881 will be paid off before 1891. At the rate of a payment in six years of \$735,405,964, we should pay \$1,225,676,607 on the principal and interest of the debt in ten years, and that sum will discharge the interest account of ten years, and pay more than all the principal which becomes redeemable next year, and which is not paid off before next year comes. The dominating fact is, that the interest account, which averaged annually \$102,567,661 during the six years ending June 30, 1879, will not exceed \$60,000,000 after the debts falling redeemable in 1881 are thrown into new short loans which are entirely practicable with only tolerable management, and the interest will be reduced year by year below \$60,000,000, as further portions of the principal are successively paid off.

All sound and patriotic views point in the one single direction of adhering resolutely to the old policy of the fathers, which was to make haste in times of peace to pay debts necessarily contracted in times of war. Nothing will so advance our National prestige, and especially now when the principal countries in Europe, already hopelessly insolvent, are plunging still deeper into the quagmire of enormous public obligations and taxes. Every step here towards

freedom from debt will tend to confirm the attraction hitherto, not merely of the people, but of the wealth of Europe, and of the latter, not in the odious and damaging form of loans, but in the immigration of European manufacturers, merchants and agriculturists, bringing their means with them to a new continent where incomes will not be devoured by the tax gatherer. Freedom from debt leaves the resource of public credit intact for use in war, and will be worth more in preserving us from the danger of war than the maintenance of fleets and armies.

A city contemporary, the *Commercial Bulletin*, of September 16, said :

We have almost ceased to borrow for corporate undertakings in London and Paris; although American credit, as tested by the prices of our Federal and corporate securities, was never so high there as it is to-day. We are building perhaps more railroads now than at the most excited period of the great railroad inflation. Schemes that broke down in 1873 are now being pushed to completion and many new ones are being vigorously prosecuted; and yet, for all this work, scarcely a dollar of capital has been asked in London, or Paris, or Frankfort. The money is raised at home, at comparatively low rates of interest, and with an absence of effort or display that suggests the wonder where all the capital comes from.

A part of the capital which sustains the existing progress in railroad building comes, without doubt, from that growth of wealth which is the normal condition of civilized countries in times of peace. But it is plain to be seen that the redemption of more than one hundred millions of the public debt during the past year has been the special circumstance which has rendered it possible to sustain the current progress of public enterprise, without going to foreign loan markets, or pressing and contracting the domestic loan markets. Every million of Government bonds paid off, is so much of a new supply for investment in something else. There is no need to "wonder where all the capital comes from," or at any rate there is no difficulty in understanding where a very considerable and efficient part of it comes from. Ricardo, sixty years ago, advised the English to pay their debt off in two years; and he replied to the objection that it would be impossible to find the money wherewith to do it, by telling them that they would have money enough as soon as they began to pay. And to-day no single measure would give to the men of enterprise in this country a better assurance of a fair field and fair conditions for success than an arrangement of the \$600,000,000 of the National debt, which will come within reach in 1881, on a settled plan of paying it off within the following decade. It will all be needed, and more with it, for the development of our trans-Mississippi empire, which is so vast that even now, seventy-seven years after its acquisition, we know very little what it is and what it contains.

ASPECTS OF TRADE.

It appears by the returns from all the ports, that the excess of value of the merchandise exports over the merchandise imports for the month of August, was \$10,917,189, as compared with \$15,598,199 during August, 1879. For the eight months of 1880, ending with August, the excess of merchandise exports over imports was \$55,818,507. After making allowance for the amounts expended abroad by American travelers, and paid as interest upon American securities and stocks abroad, this favorable balance of trade seems hardly sufficient to account for the net import of specie during the same eight months, and some color is thus given to the conjecture that the balance of the flow of securities and stocks during that time was rather from than to the United States. It cannot long continue so with the pressure being gradually, but still distinctly, brought upon European money markets by the loss of gold.

Prices in the European merchandise markets tend to fall. Of the British iron market, the Liverpool correspondent (Sept. 25) of the *New York Commercial Bulletin* says: "The home trade in iron has sensibly diminished, whilst the demand for export has fallen off to a great extent. Both English and Scotch manufacturers are complaining loudly of the want of an adequate demand and of constantly increasing stocks. They are willing to make concessions, but fail to improve the inquiry thereby; nor is it likely that, whilst producing on the same scale as during the period of activity, they will be successful. Buyers not seeing the immediate prospect of a better business, and seeing at the same time increasing supplies, naturally look for a further reduction in values still, and buy only what is urgently required. The prospect of a considerable blowing out of furnaces is being discussed in many quarters, and unless relief is shortly afforded this measure will in all probability be resorted to."

The London *Economist* of the same date (Sept. 25) says: "The tin standards have again been reduced this week, and the price of that metal is apparently falling more quickly than either copper or lead. The fluctuations this year stand as follows:

	January 31.	March 27.	Sept. 24.
Tin (fine foreign).....	£ 99 ..	£ 84 10s. ..	£ 80
Copper (Chili bar).....	74 ..	65 ..	60 10s.
Lead (English pig).....	19 5s. ..	16 5s. ..	15 15s.

The imports of tin have been heavy, while, on the other hand, the copper imports are checked by the war in South America, and lead has also reached us in smaller quantities."

Nearly everything in the British merchandise markets is depressed. Of cotton cloths and yarns, the *Economist* says :

"Whether trade has improved or not there can be no doubt that our power of cotton production is still greatly in excess of immediate requirements. There is not sufficient employment for all our mills and machinery if these are kept working to their full capacity."

During the month of September, the merchandise imports and exports at New York were as follows :

Exports.....	\$ 37,477,091
Imports.....	34,801,046
Excess of exports.....	\$ 2,676,045

This would indicate that when the returns are received from all the ports they will show a heavy balance of trade in favor of the country during September.

During October the exports, so far as reported, seemed to have continued on a great scale. If we are to have a sudden and great fall in the European markets for breadstuffs, it has certainly not come yet. It is evident that the exhaustion of European stocks, before the incoming of the year's harvest, was extreme, and that they will not be restored without a good deal of importation of American cereals. It is also now clear that Russia, always heretofore so conspicuous as an exporter of wheat, has now very little to spare.

But, however large our exports of wheat, cotton, &c., may be, we still believe that the import of gold from Europe will in some way come to an end, and very soon. The depletion of gold in the countries of Europe which use coin, is very marked, and has already resulted in a fall of their gold prices of merchandise, which must lead to increased exports of goods to this country. This must be so from the nature of the case.

The Manchester (Eng.) *Guardian*, of Oct. 19, says :

"There is little prospect of any extensive demand for gold from England for shipment to America, as it is understood that there is an increased business in English manufactured goods on American account."

If not by sending us more goods, Europe will arrest the drain of gold to which it is being subjected by returning to us some of our securities, and not improbably the object will be accomplished in both ways. If raising the rate of interest at the Bank of France from $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent. does not protect French gold, the rate will be carried higher. The Bank of England will resort to the same expedient to protect British gold, whenever the necessity for it becomes apparent.

Among recent telegrams from Washington, we note the following :

"The forthcoming annual report of Director of the Mint,

Burchard, will contain a continuation of the examination of the course of prices published in his annual report of last year. This examination has been made upon leading articles of export, comprising eighty-four per cent. of the total domestic exports, and shows that during the last fiscal year the prices realized on American exports were about ten per cent. higher than for the previous year. This increase was on manufactured articles as well as agricultural products—the principal being cotton, twenty-five per cent.; cotton manufactures, twelve per cent.; breadstuffs, twenty per cent., and iron and iron manufactures, forty per cent."

Judge Burchard's statistical results are very reliable, and we are rather disappointed that he has been forced to the conclusion that the rise in the prices of our exports during the year ending June 30, 1880, was not greater than ten per cent. as compared with prices during the fiscal year ending June 30, 1879. We fear that the rise in the prices of our imports, on a comparison of the same years, was considerably greater than that.

The rise commenced in July and August, 1879, and proceeded *pari passu* with the importation of European gold which caused it, and was followed temporarily by a rise even greater in the European markets, which were stimulated for the time being by the active demands of our markets. There is a relapse now in progress on both sides of the Atlantic, and it is difficult to foresee the extent to which it may go. If it was possible to draw gold from another world, it would be practicable to raise prices in the United States indefinitely. But whatever gold we gain by importation, must be lost to some other commercial country by exportation, and do what we will, we cannot keep the metallic prices here, of commodities internationally dealt in, permanently above the range of such prices elsewhere. It is that inexorable fact which will put an end, if nothing else does, to the existing drain of gold from Europe to America. Prices will so fall there under this drain, that Europeans will not only buy less of us, but will give lower prices for what they do buy, and at the same time they will be forced by an overpowering necessity to sell us more at no matter what sacrifice, and to underbid us in all outside markets in which we encounter them as commercial competitors. If we thought fit to conduct our business on the basis of an irredeemable paper, we could suit ourselves about prices. That, however, is a scheme which is not seriously proposed and which the country will certainly not sanction. On the actual basis of metal money, our commerce so connects us with the outside world that the attempt to obtain or hold an undue share of metal money, is both unwise and impossible of execution.

THE PUBLIC FINANCES.

The reduction of the net debt of the United States during the month of September was \$8,974,891, which makes a reduction of \$26,578,112 during the quarter ending September 30.

The bonded debt compares as follows at the two dates named :

	<i>Sept. 1, 1880.</i>	<i>Oct. 1, 1880.</i>
Bonds at six per cent.....	\$ 229,440,150 ..	\$ 222,819,050
Bonds at five per cent.....	480,410,450 ..	474,531,550
Bonds at 4½ per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	738,241,350 ..	738,263,950
Refunding certificates.....	1,106,450 ..	1,083,850
	<hr/>	<hr/>
	\$ 1,699,198,400 ..	\$ 1,686,698,400

The saving of annual interest by the cancelation of bonds in September is \$637,660, and the total saving in annual interest from the bond purchases commencing November 1, 1879, has been \$5,353,526.

The following statement shows the coinage executed at the United States Mints during the month of September, 1880 :

<i>Denomination.</i>	<i>Number of pieces.</i>	<i>Value.</i>
Double eagles.....	73,016 ..	\$ 1,460,320
Eagles.....	109,076 ..	1,090,760
Half eagles.....	292,916 ..	1,464,580
Three dollars.....	16 ..	48
Quarter eagles.....	16 ..	40
Dollars.....	16 ..	16
	<hr/>	<hr/>
Total gold.....	475,056 ..	\$ 4,015,764
Silver dollars.....	2,301,000 ..	\$ 2,301,000
Cents.....	2,380,000 ..	\$ 23,800

The total number of silver dollars coined, under the law of 1878, to the end of September is 70,568,750.

The following is a statement of the Government receipts and expenditures for the two last fiscal years :

RECEIPTS.

	<i>Year ending June 30, 1879.</i>	<i>Year ending June 30, 1880.</i>
Customs.....	\$ 137,250,047 ..	\$ 186,522,065
Internal revenue.....	113,561,610 ..	124,009,374
Miscellaneous.....	23,015,526 ..	22,995,172
	<hr/>	<hr/>
Aggregate.....	\$ 273,827,183 ..	\$ 333,526,611

EXPENDITURES.

Ordinary.....	\$ 161,619,934 ..	\$ 169,090,062
Interest public debt.....	105,327,949 ..	95,757,575
	<hr/>	<hr/>
Aggregate.....	\$ 266,947,883 ..	\$ 264,847,637

The increase of expenditures in the last year is attributable partly to the payment of the Halifax Fishery Award of \$5,500,000, and partly to the increase of pensions, including arrears. The extravagance of appropriations for the Army and Navy continues, and with no good prospect of any abatement. The best hope of relief for the country lies in the reduction of the interest account, which has swallowed up such fabulous sums since the Civil War was brought to an end. The saving during the last fiscal year was nearly \$10,000,000 as compared with the preceding one. During the present year the interest account will not much exceed \$75,000,000, and will fall next year to about \$60,000,000. These continuous and large reductions of interest enable the country to pay, out of the same revenues, increased installments of the principal of the debt.

The metallic resources of the United States Treasury were as follows at the two dates named :

	<i>October 1.</i>	<i>September 1.</i>
Gold coin and bullion (less outstanding certificates).....	\$ 127,764,733	\$ 120,018,179
Silver dollars (less outstanding certificates).....	35,451,484	39,875,844
Subsidiary silver.....	24,799,925	25,552,971
Silver bullion.....	5,557,756	6,380,258
	<u>\$ 193,573,898</u>	<u>\$ 191,427,252</u>

The change in the aggregate is not very important, but the changes in the details are considerable and noticeable. The accumulation of subsidiary silver has been arrested, and there is a positive diminution of \$753,046, which is doubtless attributable to the new measures taken by the Treasury to facilitate its distribution. The amount of gold has increased by \$7,746,554, and is now greater by \$13,571,974 than it was on the day of resumption. The number of silver dollars held and owned by the Treasury has been reduced by 4,424,360, which shows that during the month, including the current coinage, 6,725,360 must have gone into circulation in the metallic and certificate forms. The number of silver dollars in the Treasury, October 1, was 47,654,675, but of these 12,203,191 were the property of individuals holding certificates of having deposited them.

The weekly reports from Washington indicate that the distribution of silver dollars and of subsidiary silver, on orders for them received at the Treasury, was as large during October as during September. It is also reported from the same quarter that the printing of \$25,000,000 of silver certificates has been ordered. If that is true, it indicates an expectation among the officials that the circulation of such certificates is likely to increase.

THE CUSTOMS REVENUE.

The Secretary of the Treasury, in his annual report, submitted to Congress in December last, estimated the surplus for the then current fiscal year which terminated June 30, 1880, at \$24,000,000, and for the present fiscal year at \$40,000,000. His mistake was, nearly the whole of it, in respect to the customs revenue, and it arose from a peculiar theory which he had adopted as to the cause of the increased importations during the four months preceding the date of his report. He regarded them as a merely temporary fact, arising from a preceding scarcity of foreign goods in our markets, and his idea was, that as soon as this scarcity was removed, importations would fall back to their former level. His exact language was:

The estimates of revenue for the next fiscal year are based upon the assumption that the increased receipts during the past four 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.

These views of the Secretary were and are wholly unsound, and in the May number of this Magazine we took occasion to make the following comments upon them:

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 forecast 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.

The simple principle which governs the case is, that merchandise is exported to be sold, not to be given away, and

that the proceeds are certain to be brought back in merchandise, except so far as they are used in the purchase of the precious metals or of securities. Merchandise exports increased in round numbers \$200,000,000 during the last fiscal year, as compared with the preceding one, and our merchandise imports, and consequently our customs revenue, increased correspondingly, except so far as we imported more gold and more securities upon which no duties are levied. If we knew how large our exports would be during the present fiscal year, and how great our importation of gold and securities would be, we should have all the elements of estimating our customs revenue. Whether the country is or is not bare of particular foreign articles will affect the importation of those articles, but can in no degree affect the aggregate amount of importations.

Our customs revenue would be affected unfavorably if we should purchase abroad any extraordinary amount of American bonds and stocks, although, so far as all other public interests are concerned, the sooner we buy up and bring home every dollar of such bonds and stocks the better it will be for the country.

Our customs revenue is affected unfavorably when we import gold, as it is by the importation of any other article on the free list. On the contrary, the customs revenue is increased by an export of gold, just as much as it is by the export of an equal value in wheat or cotton. But customs revenue, although a desirable thing, is not the only desirable thing, and it will depend upon circumstances whether it is wise to desire to increase it by shipping off the precious metals.

We are now four months along in the current fiscal year, and so far our merchandise exports have held up well in comparison with the corresponding months of the preceding fiscal year. There has been some falling in the shipments of breadstuffs, although they are still large, but there have been increases in some other things, notably in provisions. The miscellaneous shipments hold up remarkably well. The cotton crop is known to be extraordinarily large, and so far sells abroad at fair prices. Large imports for some considerable time ahead are, therefore, certain, whether we desire them or not. One of the consequences of such imports will, of course, be a continuance of our present large tariff revenues, and that is a circumstance specially opportune when so much of our public debt is so soon redeemable.

THE MORTGAGE INDEBTEDNESS OF THE COUNTRY.

In a speech at Cincinnati, on the 30th of August, Mr. Secretary Sherman said, among other things:

"We know that the mortgages upon our farms and lands have been reduced to one-third their amount in 1875."

It is hardly fair to subject to any nice criticism statements in speeches in a political canvass, and if we should undertake to do that in the present case, we are not quite certain whether Mr. Sherman intended to describe the condition of the State of Ohio alone, or of the country as a whole. If the latter, he gives a view very much more flattering than the facts have heretofore been generally supposed to warrant.

We have before us in a report of the Bureau of Statistics of Indiana, a statement in detail for twenty-nine counties of what the registries show for seven years in respect to the recording of real estate mortgages, and of the satisfaction of mortgages. These counties comprise one-third of the population of the State, exclusive of Marion county, in which Indianapolis is situated. It is the expressed opinion of the Bureau that the proportion of mortgages, and of the satisfactions of mortgages, may be safely presumed to be the same in the non-reporting as in the reporting counties, outside of Marion county.

The record can be relied upon as to the sums for which new mortgages have been made from year to year, but not as to the satisfactions from year to year, inasmuch as many mortgages are paid of which the discharge is not recorded, and in no case are partial payments ever recorded.

Taking the returns as they are tabulated by the Bureau, and multiplying the figures by three, so as to cover the whole State excepting the county which contains Indianapolis, we have the following results:

<i>Years.</i>	<i>Mortgages.</i>	<i>Satisfactions.</i>	<i>Excess of Mortgages.</i>
1872-3.....	\$ 19,566,732 ..	\$ 9,488,808 ..	\$ 10,077,924
1873-4.....	21,763,944 ..	12,076,206 ..	9,687,738
1874-5.....	25,861,563 ..	12,540,690 ..	13,320,673
1875-6.....	22,968,474 ..	13,418,421 ..	9,550,053
1876-7.....	22,785,431 ..	10,731,603 ..	12,053,838
1877-8.....	18,650,838 ..	9,552,959 ..	9,097,879
1878-9.....	10,026,321 ..	6,277,910 ..	3,738,411

The years given in the above table terminate on the 31st of May.

Comparing the years in this table before and after 1875, there is nothing to indicate, in the latter period, either any sensible decrease in the amount of new mortgages, or any

sensible increase in the amount of recorded satisfactions, until we reach the year 1878-9. In respect to that year, the report says :

"The column for 1879 is a deception. It was intended that the years should run from June 1 to May 31 following, and so worded in the forms, but some recorders went by the calendar year for all but 1879, on which year they ended May 31, showing but five months."

The giving of mortgages was in full progress during the whole year 1878, and on terms very favorable to creditors, certainly as to the kind of money promised by the borrowers, and probably as to the rates of interest, as will appear from the following extract from a letter to the *New York Financial Chronicle*, of December 21, 1878, described as being written by one of the largest firms engaged in the business of Western mortgage loans, and located in Indianapolis :

"Confidence in the early accomplishment of resumption has been so strong that *during more than a year past no difficulty has been experienced in Indiana in making mortgage loans, principal and interest payable specifically in gold.* There was never a time in the West when farm loans could be made as safely as now, for land and produce are at foundation prices."

It is very plain that men would not, in 1878, have borrowed greenbacks in Indiana and promised to pay in gold, without trying to make some "difficulty" about it, if borrowers on mortgages had not been so much more numerous than lenders as to enable the latter to dictate their own terms.

Indiana is now an old, rich and prosperous State, and there is no reason which occurs to us, to induce the belief that the mortgaging of property there since 1875 has been on a more liberal scale than it has been in the country at large. We know of no fact tending to show either that the absolute amount of mortgages in the United States, or the proportion of mortgages to the current values of real estate, has undergone any diminution by reason of payment during the last five years. Without doubt a good many mortgages have been wiped out by foreclosures, and the disappearance in that way of the mortgagors; but there is nothing in that process which ought to be the subject matter of congratulation.

It is stated in the report of the Indiana Bureau of Statistics that the statistics of Ohio for 1876 show that the excess of new mortgages over recorded satisfactions was \$27,081,331, or three times as great a sum as in Indiana for the same year, whereas the population of Ohio is only fifty per cent. greater than that of Indiana. What the precise value of such a fact may be, we do not know, but it is certainly one very fit to be noted in this connection. Railroad mortgages are not included in the statistics of either State.

It is by no means certain that the mortgaging of real estate will diminish in this country hereafter. So far as such mortgages grow out of purchases, on the system of a small cash payment at the time of purchasing, there is no reason why they should diminish. So far as they result from loans, they are likely to increase in the immediate future as compared with the immediate past, inasmuch as, upon the whole, real estate is rather growing in favor as a security.

FINANCIAL AFFAIRS IN EUROPE

The London *Economist*, of September 25, says :

“Reports credit the Bank of Germany with holding the whole, or nearly the whole, of the silver thaler pieces existing. These are computed to represent in value about £17,000,000. If this is the case, the reserve of the Bank of Germany would consist of £9,000,000 gold and £17,000,000 silver.”

To say that the German Bank holds “the whole, or nearly the whole, of the silver thaler pieces now existing,” is to say that no thalers, or substantially none, are in circulation. If the latter thing was true it would not be a matter of mere surmise, but of common knowledge. We do not believe that it is true in fact, or that it has even been so reported on any German authority. What is reported at Berlin is, that two-thirds of the Bank’s reserve is silver, and without any such addition, as the language of the *Economist* implies, that the thalers in the bank are all the thalers there are in Germany.

In the Vienna correspondence of the same number of the *Economist*, after a recital of the reports from Hamburg and Berlin, it is stated as follows :

“It appears but too true that the German Bank has but one-third in gold amongst its coin and bullion.”

How much gold there is in the German Bank is, however, only a part of the more general and much more important question of how much gold there is in Germany, including the circulation as well as bank reserves. Upon that the *Economist* gives some facts and a good many conjectures of the probability of which the reader must judge as he best can. It says :

“Up to December, 1878, the gold struck at the German Imperial Mint was £83,642,988. The metal minted consisted of :

German coins.....	£ 4,471,328
Bars.....	43,050,283
Coins of other countries, principally France.....	36,574,037

How much of the amount coined from bars was also derived from other currencies cannot be traced, but the probability, considering the gold production during the period in question is, that by far the larger part was also obtained from re-minting other gold coins.

We are brought back to the truth of the axiom so clearly expressed by Ricardo: "It is the 'natural traffic,' the 'competition of commerce' which regulates these matters. The gold currency of Germany was, as we have seen, half at least, probably more, brought from the currencies of other countries. The natural course of trade has probably restored to other lands much, if not all, of what was brought from them."

On this view of the case there is not anywhere in Germany, in circulation, in the Bank and in the tower of Spandau where \$30,000,000 is locked up in the military chest, more than half, if so much, of the total new German gold coinage, which is £86,000,000. This view would reduce the gold in Germany at least as low as \$215,000,000, which is \$150,000,000 below the calculation of Soëtbeer, although doubtless nearer the true mark than his estimates.

The *Economist* is of the opinion that the maintenance of a gold standard and gold payments in Germany is a very serious undertaking, but that with good management it may still be conducted to a successful issue. It says:

"The narrow limits of the coinage of Germany scarcely appear to permit a gold reserve to be held by the Imperial Bank without imposing heavier sacrifices on the commerce of Germany than will be acceptable.

"The German papers continue to discuss with eagerness the position of the Imperial Bank and the gold standard. When a question, as in this case, particularly depends on the will of one man (Bismarck) it is quite impossible for any outsider to speak with certainty. We remain of the opinion we have previously expressed at somewhat similar times of difficulty, that it will take a great deal to make Germany give up what it has obtained at so much cost. The spectacle of a bank having to preserve its specie reserve by strong measures is no new one, and although the basis of the gold circulation is a very narrow one for so great an undertaking, yet by careful working the Bank of Germany can doubtless hold its own through the existing pressure."

On the 6th of October the Bank of Germany reduced its discount rate to five per cent., which had been about the market rate. On the 18th of October, the rate was reduced to four and one-half per cent.

On the 14th of October the Bank of France raised its rate of discount from $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent. Bankers in this country have been rather surprised that this action of the French bank was so long delayed under the heavy drain of

gold to which it has been subjected. The truth seems to be that the financial managers in both Paris and London have been, for many months, laboring under a complete delusion as to the probable duration of the flow of gold to America. It is apparent from the articles in the journals which reflect their ideas, that they have supposed that this flow would come to an end with the European harvests of this year, and without any counteracting efforts on their part; and that the magnitude of the flow would not approximate the proportions of last year. This mistaken view of the case was very obstinately held, and is given up with manifest reluctance.

A pressure for money in Paris was distinctly manifested several days before the bank rate was raised. During the week ending September 30, the commercial paper discounted and held by the bank there increased from 323,955,641 to 417,528,920 francs, and prices in the Bourse were steadily falling.

The following are the figures of the metallic reserves of the Bank of France at the dates named :

		<i>Francs in gold.</i>	<i>Francs in silver.</i>
September	9.....	741,269,391 ..	1,258,021,818
"	16.....	731,404,000 ..	1,257,634,000
"	23.....	725,894,374 ..	1,257,148,773
"	30.....	706,169,218 ..	1,256,713,321
October	7.....	684,379,218 ..	1,253,032,321
"	14.....	603,669,218 ..	1,250,158,321
"	21.....	580,699,218 ..	1,248,948,321

A Paris dispatch, dated October 14, says: "A further sum of 15,000,000 francs in gold is reported to have been withdrawn from the Bank of France to-day since the issue of the balance sheet. The demands, unfortunately, were not confined to the United States. In addition to the sum of 30,000,000 francs sent there this week and 15,000,000 francs to England, 10,000,000 francs have been sent to Egypt and 10,000,000 francs to Austria."

The imports into France for the nine months ending on the 30th of September show an increase of 253,000,000 francs, as compared with the same period last year. Of this increase 189,000,000 francs is in food. The exports during the same period increased 69,000,000 francs.

The Paris correspondent of the London *Economist* says:

The Bank of the Netherlands lost twenty-five millions of its gold reserve in the first three weeks of September, the greater part of which was exported to New York by way of Hamburg."

Millions are not as formidable in Paris where they mean francs, as in London when they mean pounds sterling.

From August 1 to October 16, the import of gold at New York (nearly all of it from Europe) amounted to \$33,579,198, as compared with \$43,013,223 during the same period in 1879.

The changes in the gold reserve of the Bank of England

have been slight within four months past, but have been in the direction of shrinking. On the 30th of June the reserve stood at £29,319,390, and on the 29th of September had fallen to £28,144,401. During the week ending October 6. it diminished to £27,361,588. Of the £782,813 taken out of the bank during that week, the London journals say that only £150,000 was for export, and that the remainder entered into the home circulation. On the 20th of October the reserve was £27,958,588.

During the month of September, the British import of gold was £1,115,556, of which about half was from Australia. The export of gold during the month was £942,553, of which £661,360 was to the United States.

On the 19th of October, £110,000 was withdrawn from the Bank of England to send to Egypt for cotton.

It is to be inferred from the general tone of the London journals, that they do not anticipate any long-continued drain of gold to this country, or any probable necessity of a rise in the Bank of England rate of discount. The home demand for money in the British markets seems to be light. The London *Economist* of October 9 says: "There is but little demand in our own money market. Business is believed to be, on the whole, both larger and more remunerative now than last year at this time, but no great activity can be noted. This is partly the remains of the depression of trade from which we have so long suffered, and partly from uneasiness respecting political movements in Eastern Europe. The supply of inland bills appears thin.

"It is quite probable that the adverse turn in the exchange which has visited Berlin, and is now in operation in France, may reach us also. Should it come, it need not cause much alarm, with a bank rate of two and one-half per cent. and a reserve of nearly £15,000,000. The bank reserve is now close to the amount at which it stood in the first return in the year."

From the following from the Paris correspondence (October 7) of the London *Economist*, it would appear that the Bank of France has changed its policy and now pays out gold without reserve:

"The Bank had recently checked the demand for gold by its customers, even when required for rade, by offering only ten-franc pieces, which were for the time useless for export; but as the premiums for gold expanded, even those began to be bought up on the market, and during the last few days the Bank had stopped paying out even that gold coin. To-day, however, I learn that the Council has decided on changing its policy absolutely, and has resolved on paying, from to-morrow, gold to all demands. The probable effect of this measure, will be a sharp drain which the Bank will make a pretext for raising its rate of discount."

On the following week the drain of gold from the Bank was \$16,000,000, and at later dates by telegraph was still in progress. A Paris despatch (October 20) to the *London News* says that ten million francs were drawn from the Bank on that day for shipment to the United States.

The idea that the Bank permits a drain of gold, merely to "make a pretext for raising its rate of discount," is an absurd fancy. There was no need of a "pretext" of any kind, for the subsequent rise in its discount rate. The more probable explanation of the changed policy of the Bank managers is the simple one, that they saw that the effect of refusing payments in gold was to increase the premiums on it, and that they resolved to stand boldly upon the ground of an absolute indifference as to what their undrawn metallic reserve might consist of. The taking of a ground like that is entirely suitable to the condition of a bi-metallic country like France.

HASTENING SLOWLY IN FINANCE.

The *London Economist*, of September 11, observed upon the German situation: "The weak point of the German bank and coinage law appears to have been that it has attempted too much with insufficient materials. The means of circulation in the country were not economised. The note-issuing banks of Germany were placed under regulation by the Bank Act in 1875. This, though perhaps desirable in some ways, must yet have assisted in throwing the demand for the means of circulation on the Bank of Germany."

The German legislators undertook two changes at one and the same time; *first*, the substitution of gold for silver, and *second*, the suppression of all bank notes below the denomination of 100 marks, or \$25. It is one thing to believe that each of these changes was wise in itself, and quite another thing to believe that it was prudent to subject the money market to the simultaneous and combined perturbation of both of them.

Among the five "causes which, in concurrence, produced the fluctuations in the relative value of gold and silver," as summarized on the 85th page of the Report of the United States Monetary Commission, the following is assigned as one:

"Fourth. The summary suppression by Germany of \$130,000,000 of bank notes and the consequent demand for gold to take their place."

To the new demand for gold by substituting it for the silver in circulation, the German legislators added a new

demand for gold by also abolishing all bank notes below the denomination of \$25. Instead of doing one thing at a time, nothing would content them except doing both things at once.

Without doubt, the permanency and security of coin payments are aided by having a good stock of coin in actual circulation, to be drawn upon at periods of emergency, and the effect of circulating small notes is to diminish the amount of coin in use. In suppressing bank notes below \$25, Germany was only following British and French examples, but the time was badly chosen for it. To force a new use for metallic money would be expedient when the supply of it tended to increase faster than the ordinary demands for it, as it did for a few years after the Californian and Australian discoveries. But it must be inexpedient when the general tendency of metallic money is already towards constriction, or when some other measure calculated to produce such a constriction is in progress at the same time.

In this country, propositions to suppress all paper circulation below \$5, \$10, or \$20, have been of late frequently made, and we have no disposition to controvert the general soundness of the views upon which such propositions are based. But the time is inopportune. There is not only a great uncertainty as to the yield of the precious metals during a few years to come, but there is uncertainty whether the money of the commercial world is to include both of the metals, or to exclude one of them. Prices in metallic money are low, and at the present time are not tending to rise. In such a condition of things, it is a dictate of prudence to hasten slowly in reforms which involve a coerced new use for the metals. It is a matter of the greatest delicacy, under the most favorable circumstances, to meddle with any existing condition of finance. There are always dangers about it, and some of them cannot be foreseen. The German legislators of 1871 did not foresee that the gold production would fall off, nor did they foresee that the silver which they discarded would be forced off to Asia, and thus lost to the western world, by the closure of the French mint to silver. If they had foreseen either of those things, it is not conceivable that they would at one blow have demonetized silver and suppressed bank notes below the denomination of \$25. That example should teach us prudence in embarking upon measures requiring new supplies of coin, until we can see clearly from what source such new supplies are to come. There is such a thing as escaping one class of evils, at the cost of incurring others which are worse.

If it is to be the policy of the United States to continue the coinage of silver indefinitely, the smaller notes in circulation might be suppressed with probable safety. But if

the coinage is to be absolutely stopped, or if any narrow limit is to be imposed upon the aggregate of it, the suppression of any denomination of notes now in use would be attended with great hazard. If these opinions are sound, the question of the small notes should manifestly be postponed, until the prior question of what our metallic money is to be shall have been settled in some way, and taken out of the field of controversy.

INTERNATIONAL COINAGE.

The progress of events is gradually bringing this country to a point at which, if some definite action is not taken, the double standard in theory will become a single silver standard in fact. The coinage of the silver dollars may be restricted within such limits that they will be current at par with gold as tokens, like the fractional coins which have still less intrinsic value. But when the silver dollar is coined in amounts greater than this, and becomes itself the standard instead of being a token representing gold value, the silver coins, no longer kept at par by restricting the supply, begin to sink to their intrinsic value as bullion, which, at present quotations, is fourteen or fifteen per cent. below the sum they nominally represent. Under these circumstances, gold will command a premium, and will be exported.

The volume of silver dollars which can be kept at par without driving gold out of circulation, can be ascertained only by trial. Secretary Sherman indicated his views by recommending that the silver dollar coinage be limited to \$50,000,000. It reached on the 1st of October, 1880, about \$70,500,000, or 20,500,000 above this limit. Of the silver dollars coined, there were, at that date, \$47,654,675 stored in the Government vaults against which there were outstanding \$18,521,960 of silver certificates, \$6,318,769 of these being in possession of the Government, leaving \$12,203,191 of silver certificates and about \$23,000,000 of silver dollars in actual circulation. According to a Treasury statement made in the latter part of July last, \$35,500,000 silver dollars, or sixty-four per cent. of the total coinage, had been put in circulation, and of this amount \$17,000,000 or forty-eight per cent. had been returned to the Government, in payment of public dues or in exchange for silver certificates, leaving in actual circulation about \$18,500,000, which was about the amount of the one and two-dollar notes withdrawn. Until the recent demand for these coins sprang up, 't was found almost impossible to put and keep any consid-

erable amount of them in circulation. The mercantile classes dislike them, and they are not popular anywhere. The silver policy of the Government has so far met with but indifferent success.

It is not alone on account of the inconvenient bulk and weight of these coins that Commerce spews them out of her mouth. The whole scheme rests on a quicksand of shallow sophistry, which marks it as provisional and temporary, and foreshadows its speedy overthrow. Commerce wants as its standard no dollar that is the creature of a day, doomed to constant fluctuations by its fleeting character, and the narrow limits of space and time to which it is restricted. Permanence is an essential requisite.

When Congress decided on re-establishing the double standard, there were two rational courses open for adoption. One was to fix a ratio between gold and silver, corresponding to the ratio fixed by the leading nations having the double standard, namely, $15\frac{1}{2}$ to 1. Another way was to coin silver at its market value as bullion, which would have made the ratio at that time about $17\frac{1}{2}$ to 1; the dollar weighing about 450 grains. Either of these courses would have had something to recommend it. Our ratio between gold and silver would have been in harmony in the one case with the ratio prevailing among the leading bi-metallic currencies; in the other, with the state of the market. The ratio of 15.98 to 1, adopted in coining the dollar of $412\frac{1}{2}$ grains, harmonizes with neither. At our mint 15.98 pounds of silver, and at the French mint 15.50 pounds are assumed as the equivalent of a pound of gold. Under free coinage the holder of uncoined silver would save the difference, .48 of a pound, on every 15.98 pounds by taking it to the French mint for coinage—a gain of about three per cent., which, on the entire silver product of the United States, would amount to over \$1,000,000 per annum. Under such a state of things silver would flow into France, and gold would flow out, until the latter was replaced by the former, or a change in the market occurred. Our silver dollar of $412\frac{1}{2}$ grains, therefore, so far from strengthening France and her monetary allies in maintaining the double standard is an obstacle to any concert with these nations, to which this country must look for coöperation in such an undertaking. Such a coin is a financial monstrosity, called into existence for no better reason than that our great grandfathers first fabricated it.

As a provisional measure, the coinage, to a limited extent, of a silver dollar, weighing 399.9 grains or $15\frac{1}{2}$ times the weight of the gold dollar, would have been far preferable to the plan actually adopted. If not a permanent measure, this would have looked somewhat in the direction of permanence, and by placing this country in respect to the ratio between the two metals, upon the same basis as the other leading

countries of the double standard, would have strengthened them in adhering to it. An exhaustive solution of the silver problem might then have grown out of what was at first a mere temporary expedient. Every step taken in coining silver dollars of $412\frac{1}{2}$ grains is effort wasted, in respect to any progress towards such a solution. Before we can take the first step in this direction, it will be necessary to undo what has been done already and commence anew.

Since it is necessary to make a change so extensive, the question arises whether it would not be better to take a step still more radical in the direction of international coinage, by reconstructing our monetary system on the basis of a dollar just equal in weight and value to the French five-franc piece. Under such a system our silver dollar would weigh 25 grammes or 385.8 grains of standard silver, nine-tenths pure metal; being just equal two half dollars of our fractional currency. The gold coins would weigh 1.6129 grammes or 24.89 grains to the dollar, which is .91 of a grain less than our present gold dollar of 25.8 grains. All these coins would be nine-tenths pure metal. The subsidiary coins would be of the same proportionate weight, but only $\frac{835}{1000}$ fine. Such a coinage would approximate more nearly to the English, German and Austrian coinage than our present system. The pound sterling would be equal to \$5.0445; the German mark to 24.6914 cents, four marks making 98.7656 cents; the Austrian gulden to about 49.4 cents—two florins making 98.8. Very slight changes in either of these currencies would bring them into exact harmony with the proposed system, and the assimilation of our coins to those of France and her allies would furnish a strong motive to other nations to do likewise.

The situation has greatly changed since 1834, when our present ratio between silver and gold was adopted. Then the ratio adopted by the United States nearly corresponded, not only with the market ratio, but with that prevailing in Spain, the Spanish-American States and several other countries. This fact had great weight at that time. Now all is changed. Very few of the countries which then had the ratio of 16 to 1 still retain it. The past thirty years have witnessed great progress towards the universal adoption of the French system. In 1834 the only States of any considerable importance having a monetary system assimilated to that of France were Belgium and Sardinia; Switzerland followed in 1850, adopting the silver standard. Chili, in 1851, made her silver dollar just equal to the five-franc piece, though still coining gold at the ratio of $16\frac{2}{3}$ to 1. Colombia, by laws of 1853 and 1872, assimilated her monetary unit to the five-franc piece. Peru followed in 1863, Greece and Roumania in 1867, Spain in 1868, Central America in 1870. Ecuador, Bolivia and Venezuela have also recently adopted the same

system, though the latter has as yet no mint and no coinage of its own. The population of these countries is as follows:

France.....	36,977,099	....	Bolivia.....	2,000,000
Spain.....	16,623,389	....	Ecuador.....	1,100,000
Italy.....	27,769,475	....	Colombia.....	2,950,000
Belgium.....	5,476,668	....	Venezuela.....	1,784,194
Switzerland.....	2,776,035	....	Central America..	2,600,000
Greece.....	1,679,775	....	
Roumania.....	5,110,000	....	Total 14 States....	112,520,635
Chili.....	2,300,000	....	United States.....	48,000,000
Peru.....	3,374,000	....	
			Total.....	160,520,635

The triumphal progress of the French system is no accident. It needs no other explanation than the principle of the "survival of the fittest." Of all monetary systems this is the most scientific in theory, the most convenient in practice, and is based upon the widest induction as to the market value of gold and silver for long periods of time. Its units bear precise relations to the units of weight in the metric system now rapidly coming into universal use. A kilogram of standard gold is coined into the equivalent of 3100 francs or \$ 620; a kilogram of silver into 200 francs or \$ 40. The Monetary Conference at Paris, in 1867, favored the five-franc piece as a unit, and the weight of opinion in the International Congress of 1863 inclined the same way. Prof. W. S. Jevons says: "The most easy and important step which can now be taken towards an international money, consists in the assimilation of the American dollar to the five-franc piece" . . . "There is little doubt that the adhesion of the American Government to the proposals of the Congress of 1863 would give the holding turn to the metric system of weights, measures and moneys. It is quite likely that it might render the dollar the future universal unit." (*Money and the Mechanism of Exchange*, pp. 178-9).

It has been urged as an objection that a reduction in the weight of the coins would involve the scaling down to that extent of all coin contracts, including both public and private securities. But this is not a necessary result of the proposed change. It can be easily obviated by enacting that each 103½ of the new dollars shall be received and paid as equivalent to 100 of the old ones.

As bearing upon a possible solution of the silver question, the proposed change is of the highest importance. Starting with a limited coinage of the proposed silver dollars, this country could offer to the other States, having the French system, an alliance too powerful to be ignored. Such a step taken by this country, would contribute greatly towards restoring that universal demand for silver for coinage which is essential to a recovery of its former market value. The assimilation of the dollar to the five-franc piece is, however, demanded independently of any considerations connected with the double standard. Reason and authority are both

overwhelmingly in favor of the change. Every year the assimilation of the currencies of the world acquires increased importance, as the growing magnitude of commercial transactions makes the present inconvenient relations between these currencies more burdensome. Steam and electricity, conquering the barriers of time and space which divide the nations, proclaim the commercial unity of the human race. The tendencies of the age, teaching with prophetic wisdom, demand a unification of the world's currencies. The inconvenience would be temporary, the benefits enduring.

EVERETT, Mass., October, 1880.

DUDLEY P. BAILEY.

BRITISH INDEBTEDNESS.

The general idea of British politicians for a generation past has been, that while they would not attempt to reduce the national debt, they would not permit it to grow any larger, and they have, in fact, managed the public finances in substantial conformity with that plan. But in the meantime there has been a constant creation of local debts of various kinds, which have now assumed a good deal of importance. On the 31st of March, 1879, they amounted to £124,486,987, having increased £9,803,985 during the fiscal year ending on that day, although the revenue of the local authorities, in that year, from rates, tolls and duties, was £30,898,828,

The gross estimated rental subject to rates for local purposes is £150,980,679, and the amount of rental as fixed as a basis for rates is £131,021,019. Some British writers, for the purpose of showing that the figures of the local debts need not excite alarm, point out that even now they are less than one year's rental of the property which can be taxed for the purpose of paying them. British writers never lack a plausible reason for either creating or perpetuating public obligations. They were born and brought up in an atmosphere of funding, and their whole systems are inoculated with it. But they will find, if they ever make the experiment, that an attempt to collect taxes at the rate of the whole rental of property, or of half of it, for the purpose of paying off local debts, will be attended with very serious difficulties. What we actually see is, that the local authorities, instead of daring to put on taxes enough to make any reduction whatever of their debts, are actually increasing their liabilities at the rate of nearly £10,000,000 per annum.

The debt mania, fostered and encouraged by London promptings, which has thus taken complete possession of every local authority in Great Britain, county, municipal and parochial, has also had the freest and wildest course in the colonies and dependencies of Great Britain in every quarter

of the globe. Great and small, they are all loaded to the water's edge, or worse than that, with debts. It is so in Canada, it is so in India, it is so everywhere. Wherever any revenue, or possibility of revenue, could be spied out, it has been instantly seized upon and capitalized into a four or five-per-cent. stock, and the certificates for it safely stowed away in London vaults.

Occasionally, the apprehension arises that some colony is overburdened, and to such an extent that its debts can only be made safe by "re-adjusting" the rate of interest. At this present moment, the special subject of anxiety in that respect is New Zealand, and it must be confessed that the courage of that colony in plunging into debt has been in full proportion to the magnificence of its natural advantages

The debt of that colony was as follows in the years named :

<i>Years.</i>	<i>£.</i>		<i>Years.</i>	<i>£.</i>
1861.....	600,761	....	1876.....	18,678,111
1871.....	8,900,991	....	1877.....	20,691,111
1873.....	10,913,936	....	1878.....	20,930,184
1875.....	17,400,031	....	1880.....	26,513,303

Upon this showing, the London *Economist*, of September 4 observes :

"In the past nine years, therefore, the debt has grown to the extent of no less than 200 per cent. But in addition, almost every important town and harbor-board in the colony has raised loans recently in this country. The Stock Exchange official list is scarcely complete in this respect, but in it we find that Auckland Harbor owes £ 148,500; Auckland City, £ 125,000; Napier, £ 70,000; Timaru, £ 60,000; Christchurch, £ 200,000; Dunedin, £ 509,600; Wellington, £ 430,000; Lyttleton, £ 200,000; Napier Harbor, £ 75,000; New Plymouth Harbor, £ 200,000; Oamaru Harbor, £ 275,000; Otago Harbor, £ 220,000; and Wanganui Harbor, £ 60,000; making the respectable total of £ 2,573,700, the whole of it borrowed within this country. This raises the amount of the New Zealand indebtedness to the mother country to £ 29,087,003—a sum larger than is owed by any other colony with the exception of the Canadian Dominion, a country with a population nearly twice as numerous as all Australasia put together. Nor can this be looked upon as the full extent of New Zealand's liabilities to us. For instance, the Bank of New Zealand has 24,451 shares upon its London register; other New Zealand banks draw capital and deposits from England, and many land mortgages and trust companies have drawn large amounts from hence to New Zealand in the shape of capital, deposits and debentures. In this way it seems probable that this young colony has accumulated fully £ 35,000,000 of debt to a country 14,000 miles away, which, at so low an interest charge as five per cent. will absorb an annual payment to us of £ 1,650,000, or £ 3 13s. 4d. per head on a present population of, say, 450,000 souls. That this is an enormous burden cannot but be admitted, for it will necessitate a balance of trade in favor of (that is, out of) New Zealand to that extent to keep up a monetary equilibrium between the two countries. India has apparently learnt the lesson of a constant excess of exports, but New Zealand is very far from mastering it at present."

So far, in the history of New Zealand, the imports have uniformly exceeded the exports. In 1879 the imports were £9,204,019 and the exports only £6,185,048. It is in an excess of merchandise imports that it has received its £35,000,000 of loans from the mother country. The movement of gold has always been from New Zealand which produces it, to England which does not produce it. But when these borrowings come to an end, and New Zealand must pay, if it pays at all, by an excess of exports, the *Economist* is manifestly puzzled, and may well be, as to what such an excess, and to an annual amount of £1,650,000, is to consist of. New Zealand has sheep, cattle and wheat, but in all these articles it must encounter the keenest competition from many producers. It has no coffee crop like Brazil, or sugar crop like Cuba. It has no *fellahs* like Egypt, accustomed to work under the bastinado, and no such vast population as that of India, from whom a good deal in the aggregate can be squeezed, by squeezing a very little from each individual. New Zealand has gained rapidly in population within the past ten years. It may do so within the next ten, and it may not. The transition from the exhilaration of borrowing, to the sober reality of paying, or of trying to pay, may change it from an attractive region to go to, into a region which a good many people may rather prefer to leave. However that may turn out, it will be always certain that the interest on its debts, if not paid, will accumulate. Emigrants from Great Britain have all the world before them where to choose. They are not bound to go to New Zealand, and will be very little likely to go there to confront the burden of such a debt as the *Economist* describes.

In a later number (Sept. 11) of that journal, we find the following: "The Australian papers to hand this week refer to a very important decision arrived at by the New Zealand Ministry. They have come to the conclusion that all local loans will have to be raised in the colonial markets, both principal and interest being only allowed to be paid there. At the same time any local board must so rate itself as to provide a sinking fund to pay off all debts in ten years."

What is probably intended is, not that existing local debts shall be paid off by rates within ten years, but that no new debt shall be contracted without a provision of that kind for its extinguishment.

New South Wales had in 1879, with a population of 715,000, a colonial government debt of £15,000,000, nearly all held in Great Britain. This debt was incurred notwithstanding enormous receipts from the sales of lands. In the four years 1875-6-7-8, those sales aggregated £9,317,842. There are other debts payable in England, to be taken into the account. The London *Economist*, of September 18, says: "Making allowance for some portion of the colonial govern-

ment debt being held in the colony itself, it may roughly be supposed that something like £ 25,000,000 of British capital has been placed in New South Wales, including deposits with banks, debentures of land-mortgage companies, as well as some important sheep-farming investments and mining concerns. Taking it at £ 25,000,000, an average interest payment of five per cent. would involve an annual remittance of about £ 1,250,000 to London in gold, or merchandise, or in additional securities."

THE PRECIOUS METALS.

During the seven months ending with last July, the silver exports of the United States were as follows :

Domestic silver bars.....	\$ 2,750,985
Trade dollars.....	1,000
Other American coin.....	364,210
Foreign silver bars.....	6,500
Foreign coin (principally Mexican dollars).....	3,331,148
	\$ 6,453,843

During the same seven months the silver imports of the United States were as follows :

Foreign silver bars.....	\$ 1,224,604
Trade dollars.....	118,615
Other American coin.....	1,363,750
Foreign coin (principally Mexican dollars).....	3,949,748
	\$ 6,656,717

During the first eight months of this year, the silver shipments from the continent of Europe to India increased from \$ 350,000 to \$ 4,400,000, but the shipments from the same quarter to China fell from \$ 1,000,000 to \$ 350,000. During the same time the aggregate silver shipments to the East from the continent of Europe, England and San Francisco, increased from \$ 24,850,000 to \$ 28,650,000.

The silver shipments, from San Francisco to China and Hong Kong, compare as follows for the first nine months of this year and last :

	1879. <i>First nine months.</i>		1880. <i>First nine months.</i>
Silver bars.....	\$ 4,355,914	....	\$ 1,046,279
Mexican dollars.....	1,626,530	....	1,474,738
Trade dollars.....	537,697	....	1,000
	\$ 6,520,141	....	\$ 2,522,067

During the nine years ending with 1879, the annual Asiatic absorption of silver averaged \$ 44,000,000.

In 1878 the gold production of New South Wales was £ 279,166, or less than one tenth of what it was twenty years before.

The flimsy foundation for the statement that there is an immense amount of disposable gold in India, will be apparent from the following extract from a letter written in April last by Claremont Daniell, who holds a judicial office under the Indian Government :

“The sum total of the gold imported into India between the 1st of April, 1835, and 1st of April, 1877, which has never left the country, being the surplus of imported over exported gold, is £ 105,001,055. If this gold has come into the country, and not gone out of it, where is it except in India?”

Of course, it has gone into consumption, in ornaments and otherwise, and it is really a very small amount to be used up in that way amongst a population so large over a period of more than forty years. All respectable English authorities agree that there is no important stock of gold in India. The premium on it within recent years has brought into the market nearly all that was previously accumulated. This Judge Daniell is one of those Indian officeholders in India, described by the *London Times*, who want the rupee brought up in some way to a gold standard, for the purpose of increasing the value of their salaries. No party in England gives any countenance whatever to schemes of revolutionizing the present system of India, under which the money unit is the silver rupee, left to its own natural value of the bullion contained in it, and not artificially raised to suit placemen, or another class of persons who desire, in the language of the *London Economist*, to “manipulate the currency of India for the purpose of exerting an influence on the prices of its products.”

GOVERNMENT SAVINGS BANKS.

Upon the actual returns for a certain number of days, the managers of the British P. O. Savings banks estimate that the total number of deposits made during the year 1879 was 3,347,828. This was the number, not of the despositors, but of the deposits, of which many may be made by one person in the course of a year. Of these deposits there were :

Of one shilling	168,455	..	Of four shillings.....	98,092
Of two “	208,307	..	Of five “	257,105
Of three “	133,770			

The deposits of more than ten pounds and upwards were only 185,151.

The new Postmaster-General, Mr. Fawcett, with the view of facilitating small deposits, proposes to issue, at the expense of the Department, forms containing twelve spaces

on which twelve penny stamps may be affixed, and to receive these forms when filled up for one shilling, which is the minimum limit of a deposit. It would seem to be just as easy, on any rational principle, to lay by the pennies themselves, and to make a deposit when twelve of them had been accumulated. But in money as well as in other matters, mankind are not always governed by rigorous reasoning, and it is quite possible that pennies would slip away in some useless expenditure, when the penny stamps would not. At any rate, Mr. Fawcett intends to try the new plan in five counties in England and Wales, two in Scotland and Ireland, and if it works well, it will be extended to the whole country.

A London financial journal says: "Mr. Fawcett, in this matter, is moving in the right direction. It is in the extension of the limit of deposits in the downward, rather than the upward, direction that the real and legitimate objects of the Savings Banks are best promoted."

That depends upon what the "legitimate objects" of Government Savings banks are. If the only object is to encourage thrift in the way of small savings, an increase of the permitted maximum of deposits in Great Britain is not required. But it is one of the "legitimate objects" of such banks to enable the Government to borrow cheaply, what it must needs borrow, and it is merely the selfish interests of the London bankers, always finding expression in the tone of London financial journals, which oppose Mr. Gladstone's proposition to raise the maximum of deposits. Outside of those selfish interests, the general British public have no difficulty in understanding that it is the primary duty of an indebted country to make loans in the most economical manner.

In this country, the practice of attracting deposits by paying interest on them is little known among the ordinary banks, and it is not from that quarter that resistance will come to any well-guarded plan, under which the Treasury of the United States may avail itself of the popular confidence which its credit deserves and enjoys, to borrow money at low rates. The resistance will come from a mischievous class of Savings banks, happily only a small fraction of the whole number, which were established and are run, not for the benefit of depositors, or for any such public object as the encouragement of thrift, but to give to their managers the advantages of handling and controlling large aggregated sums belonging to other people. There is no reason, which anybody dares openly to give, why the National Government should not reduce its interest account by accepting the deposits of the masses of the people, who will be only too happy to make such deposits at rates far below anything which has been proposed as the rate upon bonds. The rea-

sons at the bottom of the resistance to it, although not avowed, are not on that account less well understood.

When Mr. Chase was at the head of the Treasury, he had no hesitation in attracting deposits by the allowance of interest, whenever the advantage of the Government could be thereby promoted.

NATIONAL BANKING IN SWITZERLAND.

This subject is now exciting attention in Switzerland. Says the Paris correspondent of the London *Economist*: "An application of the *plebiscite* in Switzerland will be made shortly on a proposal to confer on the Federal Government the sole right of authorizing banks of issue, and to introduce reforms in the conditions under which the banks may become established. By the Swiss constitution a general vote may be demanded on a petition for constitutional reform if it has obtained 50,000 signatures. M. Joss, a citizen of one of the German cantons, presented a petition with the required number of adhesions to abolish the liberty of creating banks of issue, and limit the circulation of the banks which may have obtained the Federal authorization to the amount of their capital, subject to the condition of a cash reserve of one-half the notes issued. Among other clauses in the petition, which is a sort of Federal banking law, the banks of issue must have a capital of at least 500,000 francs, and the banks would pay a tax equal to two per cent. on the amount of their circulation. The Federal Assembly, to which the scheme was subsequently submitted in the usual course, has given its approval with the recommendation that the minimum capital of the banks of issue should be one million of francs, and that the required cash reserve should be reduced from fifty to forty per cent. It is not expected that the reform will be voted, as the populations are little disposed to increase the central power at the expense of cantonal authority."

A Zurich correspondent, in a later number of the *Economist*, by way of explanation and correction, adds the following: "By an article introduced in the reformed Federal Constitution of 1874, the Government was authorized to present a bill setting forth the conditions under which the issue of bank notes should henceforth be allowed, with the restriction that, lawfully, no monopoly of issue should be established. In 1876 the bill presented by the Federal authorities, with the object of carrying into effect the said article of the Constitution, was rejected by a popular vote. Last year Mr. Toas, member of the Federal Assembly, brought in a motion urging the National Council to take the necessary steps for revising the bank-note article of the Constitution, with a

view to having the right of issuing notes, or "Kassenscheine," reserved exclusively for the Federal authorities. The proposal of Mr. Toas, which thus tends clearly to establish a monopoly of issue by the State, and the object of which is principally to revert to the State the enormous profits (as he says) which the banks obtain from the note circulation, was buried by a decision of the Federal Assembly. On the same occasion the Assembly, in order to do something in the matter, pressed as it was by public clamor respecting the inconveniences of the existing rules (one canton differing from another), and of the danger which might eventually arise from many differently-constituted banks of issue, instructed the executive power to prepare a new bill, based on the existing article of the Constitution which prohibits the monopoly. Meanwhile Mr. Toas has contrived to gather the 50,000 signatures for enforcing a general popular vote for a reform of the Constitution. . . . Whatever may be the result of the popular vote, a reform in the present multiform and precarious condition of the note issue cannot be avoided. If the impending *plebescit* should decide against the revision of the Constitution, and against a monopoly or centralization of the note issue, the Federal Council will, I understand, immediately afterwards submit to the Assembly a new bill, regulating the conditions of issue for each of the existing banks, and for those which may yet in the future become issuers of notes."

A union or "concordat" of Swiss banks was formed in September, 1876, embracing twenty-one out of the thirty-two Swiss banks of issue, for the purpose of rendering mutual assistance in collecting checks and bills for each other gratuitously, and for cashing each other's notes and drafts. The union constituted, in fact, a kind of clearing house for these twenty-one banks. The total capital of the thirty-two Swiss banks of issue was, at that time, about 100,000,000 francs, of which the twenty-one banks in the union had about 87,500,000 francs, with a still larger proportion of the note issues. The number of note-issuing banks has since increased to thirty-five, with a capital, December 31, 1878, of 108,870,000 francs, and their notes issued to the close of 1878, according to a statement contained in the Report of the Director of the Mint for 1879, amounted to 108,820,000 francs. The amount of specie in circulation was estimated at 100,000,000 francs, making a total of 182,582,000 francs or sixty-six francs (\$ 13) per capita. Their average circulation has been as follows for a series of years :

Years.	Francs.	Years.	Francs.
1871.....	24,513,000	1875.....	77,114,000
1872.....	31,344,000	1876.....	80,689,000
1873.....	47,624,000	1877.....	83,554,000
1874.....	65,066,000	1878.....	82,582,000

The Federal Bank and its branches held 2,600,000 francs

of coin on the first of June, 1879, and the public banks 41,290,000 francs. It was estimated that the private banks held enough more to bring the total up to \$60,000,000 in all the banks. The circulation of the Concordat banks increased in 1879 to twenty-four, according to statement of September 11, 1880, was 76,600,000 francs and their cash 42,250,000 francs.

The closing remark in the first extract illustrates the difficulty of overcoming local prejudices against a system of national banks in countries like Switzerland and the United States. In this country these difficulties melted away only before the white heat of national enthusiasm kindled by our great civil conflict. At any other time so great a revolution would have been successfully resisted. The boon of a National currency is one of the compensatory results growing out of the war. Should local prejudices or partisan madness overthrow it, the prospect of seeing it again re-established would be faint indeed.

THE WOMAN'S BANK OF BOSTON.

The explosion of this concern, which all sane persons knew to be inevitable, came off about the middle of last month. It was ostensibly, and perhaps really, managed by a Mrs. Howe, and offered the extraordinary inducement of promising to pay eight per cent. per month for deposits. This offer was, however, only made to females, and from an alleged special benevolence towards that sex, but it is said that many men have availed themselves of the chance to get a tempting rate of interest, by depositing in the names of women. The President of the Bank, Mrs. Howe, and the cashier, a Miss Gould, are both in prison, and they promise rich revelations as to other parties who were behind them. No assets are discovered, except the house in which the banking was carried on, and the tawdry and cheap, although showy, furniture in it, which had answered the purpose of giving the concern *crédit* among ignorant persons.

A somewhat similar swindle was tolerably successful in Berlin about five years ago, and there was a more recent example of it in Madrid. But in each of those cases, although the bank managers were women, they admitted both sexes indifferently to become their customers. A cynical person might say that as females are so often the victims of financial frauds, it is no more than fair that they should occasionally profit by committing frauds themselves, but in this

Boston case, instead of seeking to avenge the wrongs of their own sex by robbing the other, they intended to rob only women. Or, if it be supposed, as it probably may well be, that they were indifferent as to who their victims were, they still admitted only women to be their customers, upon the idea that they could be defrauded with the most facility. That supposition is, of course, a compliment to the better judgment, or greater experience, of the masculine sex. In this case, it was not wholly deserved, if it is true as many accounts have it, that a part of the deposits in the Woman's Bank were actually made by men, and even by business men.

Within two or three days after the explosion, nearly one hundred attachments for sums ranging from \$200 to \$2,000 had been placed on the banking house and it was rumored that the total losses would reach half a million dollars, although that is probably an exaggeration.

The following from a city contemporary, *The Times*, sums up the disclosures so far made :

"The object of the Deposit was never to accumulate money, but to benefit humanity, especially its feminine portion. Consequently, it was as willing to pay 96 per cent. per annum as half a quarter of that rate. At least three-fourths of the depositors are asserted to live out of Boston, and never to have drawn their interest when it had fallen due, which has materially helped the "bank" to pay off city creditors. The fact has been revealed that a large number of Boston business men have, singularly enough, raised every dollar they could by selling securities, household furniture, and personal property, in order to put it in the Deposit. While they had no faith in its management or ultimate solvency, they were willing to incur the risk, reasoning that, if the establishment should last only one year, they would nearly double their capital, and then draw out the whole amount. The opinion that most of the deposits have been from the middle and lower classes is entirely erroneous. Many of the first families in that city are declared to have intrusted Mrs. Howe with the care of their funds to the extent of from \$1,000 to \$10,000 each, and to have sustained, as well as the business men, very heavy losses. . . . There are, doubtless, various branches, and not a few of the depositors are reported to be residents of this city. Mrs. Howe's record, which has been industriously traced, shows to extreme disadvantage. Her mother was Nancy Birr, daughter of John Birr, once a prosperous auctioneer at Providence, R. I. Her father—never married to her mother—was named Case, and at the time of her birth was a Deputy Sheriff at Swansea, Massachusetts. The girl appears to have been from the start totally unbalanced and unscrupulous. . . . She is accused of having been at different times a thief, a procuress, a swindler, a lunatic, and always a desperate adventuress. Her age is given at sixty, and she is described as short, fat, very ugly, and so illiterate as to be unable to write an English sentence, or to speak without making shameful blunders. How such a woman could have been so successful a swindler defies conjecture."

GRAPHIOLOGY.

DETECTION OF FORGERY BY THE AID OF THE COMPOUND
MICROSCOPE.

At the regular meeting of the San Francisco Microscopical Society, held October 7, Mr. Charles H. Denison, the Secretary, read and illustrated the following paper on "Graphiology," or a treatise on the art of writing, the detection of forgery, etc.

The use of the microscope in the examination of forged or altered signatures has been the study of the writer for the past six months. This examination has also extended into the permanency of inks, their erasures, the disturbance of the paper fabric, upon which they are used, and I have arrived at certain conclusions to which I call your attention. About four months since, I copied from the *BANKER'S MAGAZINE* an article, purporting to be a discovery by its writer of a certain rhythm peculiar to each individual, and distinguishing one man's writing from that of another. A previous article in the *New York Times* also presents the same subject, and states that writer's theory upon forgery. I quote a few of his words: "Where the methods of the expert (in detection of forged signatures) break down, the most delicate methods of optical analysis represented by the compound microscope interfere to detect and demonstrate forgery.

If you follow the tracings of a letter, however rapidly written, you find when examined with a power of ten diameters, and illuminated with a good bull's-eye condensing lens, that besides the larger rhythm there is a *minute secondary rhythm*, which is imperceptible to the naked eye and cannot be accurately developed with a hand lens or simple microscope, but which comes out forcibly in the optical image furnished by the compound instrument. This secondary rhythm is traceable to the action of the small muscles in maintaining and regulating the amount of pressure upon the pen. The man that supposes that the pen-pressure is uniform in writing, merely because it appears to be so when reviewed with the naked eye, will be astonished to learn that its variations are between 200 and 300 to the inch, and that they are regular just in proportion as they are spontaneous and involuntary, that is to say, when a man is writing in his natural manner, the variations in pressure upon the pen are perfectly rhythmical, while, on the contrary, while he is consciously imitating the writing of another they are irregular and wanting in rhythmical symmetry, and they remain so just so

long as the conscious voluntary movement, incident to the act of copying, is exercised.

If you follow (I still quote him) the margin of a well-illuminated letter in a genuine signature, with a compound microscope, you will observe that it is every way the result of a rapidly successive series of muscular impulses, and that these impulses are arranged in rhythmically symmetrical order. No matter how cleverly a signature may be imitated, as long as the imitator exercises a vestige of the *conscious voluntary control* of the hand, essential to the act of imitating in tracing the letters, just so long the margin of the stroke remains irregular in the length and distribution of the impulses, and the forgery can be demonstrated, optically, to the satisfaction of a jury." Having read this portion of the writer's article, I call your attention to his frank statement that with an objective of ten diameters we shall be astonished to learn that the margin of a man's writing shows these so-called rhythmical variations, or impulses of nerves upon the pen, to the number of 200 or 300 to the inch. Yes, it would indeed astonish us. For a better elucidation of the subject, or examination of this astonishing theory, I have the pleasure of exhibiting some genuine and some imitated signatures for your examination. The first one is the rapidly executed signature of the Secretary of the Southern Pacific Railroad Company, which a person would have great difficulty in imitating. The man who can show, and count under any objective-glass, of any microscope, 200 or 300 variations in an inch of that signature, will be able to show us what does not exist. You will see variations along the margin of this signature, but they are not caused by any nerve impulses or tremor; but, without doubt, they are caused by the uneven surface of the paper fabric, assisted by capillary attraction. No matter how well rolled or calendered the fabric, under the microscope there are seen fibers and inequalities, and those depressions and swellings of the pulp cause the *uneven edges of the ink*.

As a proof of that declaration, I submit specimens of ink-drops on paper, which have dried undisturbed, and upon the same kind of fabric as the signature—the edges showing the same unevenness and resembling exactly the edges of the signature. You will also observe the straight lines drawn with a ruler upon the same fabric, with the same pen and with the same ink as the drops, which exhibit similar edges. I consider, therefore, that I have established this fact, that there are no regular nerve impulses perceptible, and therefore not comparable by individuality with each other; or, in other words, that this theory is not practical, and cannot be demonstrated before a jury or Court, and that the irregularities seen on the margin of signatures are caused by some other principle than muscular rhythm or nerve impulses.

And having demonstrated this fact, I beg leave to give it as my opinion that it is a theory, and only a theory; and cannot be demonstrated, or at least has not been.

On this subject I will only detain you longer by saying that in the report on the examination of the celebrated Cadet Whittaker case, at West Point, a gentleman of Troy, New York, who is an advocate of this theory, did not report at all on the examination by the microscope, but by comparison of the letters in the ordinary way, showing that the theory was not practical. I have brought for your inspection a *fac simile* of the "note of warning" said to have been received by that cadet, and a copy of a letter written by him a month subsequently. [The Secretary then explained and compared the hand-writings.] But after you have finished the comparison of words and letters, and begin the examination of the fabric upon which a signature or document is written, then I claim that the use of the microscope is invaluable and certain. It is sure to detect any disturbance of the fabric, by erasure or addition, and becomes an important factor in the examination. I do not believe any addition or erasure can be so skillfully made that the microscope cannot detect it, seen either by the disturbance of the fabric or the inequality of admittance of light through it. If time permitted I should be glad to speak upon other tests, but will show only one, and that is in examination of the question whether by use of the microscope the date or priority of writing can be determined.

[The Secretary then exhibited figures whose parts were made at different times, taking a figure, and changing it subsequently after drying of the ink to a figure 4]. In conclusion I will add that the compound microscope in courts of law, to examine disputed wills, documents and signatures, must become a valuable instrument in establishing the genuine or detecting the false signature or document; but in its use I have formed the opinion that the examiner should be called by the Court or Judge, and not by clients, and that his opinions and decisions should be as impartial as those of the Court—otherwise his conclusions might be influenced by the party in whose interest he comes before the Court or jury. He should never lose sight of the fact that his duty is that of an impartial investigator—a Judge rather than an advocate—knowing no client or antagonist. The discussion which ensued was of a very interesting character, and lasted until a late hour. The specimens of the Secretary were examined, and commented upon with much zest.

EMPLOYMENTS FOR FEMALES.

The London *Spectator*, of September 18, has an interesting account of the arguments urged for and against a change just introduced by Mr. Fawcett, the new head of the British Post-Office Department, in the method of selecting the females who are employed as clerks in its various branches. It seems that while the principle of competitive examination has been generally adopted in the selection of subordinates throughout nearly the entire British Civil Service, an exception has been made of female clerks in the Post Office. The reason for the exception would apply to clerks of that sex in any other public offices, and we infer that their employment is in fact confined to the Post Office. Until now, the selection has been made by influence, or in other words, on the nomination of persons having access to the appointing power. The *Spectator* says :

The posts were reserved, in fact, for the daughters of gentlemen belonging to the Army, Navy, Civil Service, the Church, the Bar, or to the landed gentry—ladies, in fact, of birth and good social position, whose families, however, were not able to support them comfortably in elegant idleness. In the event of women of this rank not coming forward as competitors, then the appointments were to be reserved for the daughters of deserving dependents of the governing classes. . . . Perhaps the most amusing thing about the matter was the reason alleged for thus cherishing the principle of nomination in the Post Office. It was necessary, we were told, in the higher interests of the lady clerks, that they should not be exposed to evil associations; and if open competition were the rule, persons of questionable character might get into the Service. . . .

There was just that grain of truth in the excuse that made it hard to expose its insincerity. Nobody could doubt that unless some searching examination into character were made, there might, through open competition, get into the Department as clerks young girls whose conduct and manners were alike objectionable. Such an examination into character placed upon the authorities an invidious duty, extremely difficult to discharge. Still, it never occurred to the partisans of exclusiveness that there was another way of getting over the difficulty, than that of resorting to the old system of patronage and nomination. Mr. Fawcett has clearly seen this way before him, and when he entered office, he, therefore, very sensibly threw the female clerkships open to all competitors, subject to one restriction. Each woman who seeks to compete for an appointment must possess, as an essential qualification, a certificate showing that she has passed a public examination, such as the matriculation examination of the University of London, or, we presume, the various University examinations for middle-class schools now held at different local centers all over England. By this simple plan the field of candidature will be effectively weeded, and the principle of open competition, on a clear stage and with no trace of favoritism tainting the result, will be maintained in its full integrity. The announcement of the change in the regulations has called forth, as we have said, a good deal of hostile remonstrance, and the arguments of those who opposed the plan may be easily summed up. We are assured that it is unjust to throw open the Post-Office clerkships to women under the rank of the upper and

upper-middle class, because a great many employments are already open to women of low birth. The answer would seem to be that the occupations in question are quite as available for women of high as of low birth. But against this it is urged that "young ladies" cannot be expected to take situations in great commercial retail establishments.

But the painful thing that the discussion suggests is that the education of women of the upper-middle class must be shockingly bad, otherwise it is not conceivable that they should thus shrink from competition with the daughters of small tradesmen. . . . The truth is, that owing to the foolish prejudices of society, women of the upper-middle class are rarely brought up to think of working for a livelihood as a possible contingency of life. . . . Of course it is a most grave and serious question what is to be done with such women, for whom, indeed, there is hardly any career in England open, unless it be that of a barmaid at a railway restaurant—an impossible trade for any woman of refinement to engage in. But grave as is the problem, is it surely not to be solved by keeping the Civil Service as a close preserve for genteel paupers. Nor if it were possible to solve it in that way, would it be desirable to do so. The principle of Competitive Examination, besides giving us in a rough-and-ready way the means of selecting the fittest, has, as one of its main advantages, this—that it acts as a stimulant to education throughout the country. Once, then, it is made clear to women of the upper-middle class that they cannot get clerkships in the Post Office, and in other public offices, unless they are as fairly instructed as the daughters of persons of lower rank, they may begin to make school life an earnest reality, and not an affair of elegant trifling. It cannot, therefore, be regarded as a calamity that Mr. Fawcett's new regulations will force or tend to force ladies' schools to attain a higher standard of efficiency; and it would have this effect, if it made it the custom for each pupil to go up for one of the University local examinations, the certificate of passing which will henceforth be the passport to competitions for Civil-Service clerkships. For our part, turning to the consideration of the broad question, we regret exceedingly that female clerks are not employed to a much greater extent in the Civil Service, and indeed in all great mercantile establishments, than is the rule at present. There is hardly any department that could not find room for some of them, and as female labor is cheaper than that of men, the saving thus effected would be considerable.

Any extension of the area of female employment in a nation where, we are told, something like thirty per cent. of the women do not marry, cannot but have a good influence on the education of women throughout the country. It must tend to make them more self-reliant and self-dependent, and therefore more self-respecting.

In most parts of this country, where the fair sex find no lack of the natural employment of being wives and mothers, discussions such as we have copied from the *Spectator* will have but little interest. It will be otherwise in some of the older States and especially in our larger cities, in which there is a rapid increase in the number of females, whose own comfort and happiness and whose usefulness to society would be improved by a widening of the area of employment for women. It would be a great step forward in our economical arrangements, if suitable places for all educated and capable females, not incumbered with family cares, were more numerous and accessible than they are.

In a former number of this magazine we have noted several instances of the selection of ladies as cashiers or assistant cashiers of banks in this country, whose names may be found in the *BANKER'S ALMANAC* and *REGISTER*. There is,

we believe, but one bank (in North Carolina) of which a lady is president, and in Colorado a lady has for years successfully conducted a large private banking business. The cases of lady bank directors are more numerous.

FRENCH FINANCE.

When M. Say announced, a couple of years since, the French Government plan of spending one thousand million dollars upon public works, to be obtained in part from surplus revenue, but mainly from new loans, he made the declaration that nothing was needed for success except the continuance of peace abroad and of quiet at home. He seemed to regard these blessings as the ordinary conditions of human affairs, or at any rate of French affairs, and to have no misgivings about entering upon the path of the new policy. His optimism excited the wonder, if it did not quite secure the confidence, of mankind, and the wonder has not diminished since, at the spectacle of the surrender of the surplus revenue by the remission of taxes, while the schemes of public works have been constantly enlarged.

In a speech at Montauban, on the 16th of August, M. de Freycinet, then at the head of the cabinet, but formerly Minister of Public Works, gave expression to the prevailing views in the following language of confidence and hope :

We are seeking to arrange as rapidly as possible our national machinery; we are giving the greatest stimulus to public works. The programme I drew up and the execution of which I was able to commence I have handed over, not without a pang, to a successor imbued with my ideas. . . . The progress from year to year is reckoned by hundreds of millions of francs in proportion as workshops are filled up and multiplied. In 1877, the starting year, I expended 100 millions; in 1879, 200 millions; this year we are expending 300 millions; next year we shall expend 400 millions; in 1882 we shall expend 500 millions, and shall keep at that level to the end, which, according to my calculations, will be about 1890. . . . While making this enormous work we are carrying on an operation of another kind which might almost be taxed with temerity, and which, indeed, would be a temerity in a country less wonderfully endowed than our own. We are effecting on a large scale remissions of taxes—that is to say, our outlay is increasing while we seem to be diminishing our receipts. In the year just elapsed we have asked the chambers, which voted them with patriotic eagerness, for 100 millions of remissions; but we are quite sure that the country will give them back to us in the shape of increased consumption, for this country is admirable—with it nothing is lost. Every facility granted to it is immediately transformed into a fresh effort and fresh progress. The situation is good at home and abroad. Abroad it is peace—profound peace—peace without boasting as without weakness. At home it is calmness, security, industry, and a financial

prosperity without precedent, a commercial and industrial activity exceeding all calculations, a material order which nothing disturbs, and which rests, not only on the firmness of the Government, but, what is much better, on the wisdom of the population.

France will be fortunate, indeed, if to the five milliards of debt saddled upon her by the German war, she can safely add a second five milliards, or even more, for public works. Her resources are great, in the industry, economy and ingenuity of her people, but it is still true that enterprises covering long periods are exposed to great hazards. Human affairs have their ebbs and flows, and so long as that law of nature remains unrepealed, it will be quite impossible for bystanders to share the enthusiastic confidence of M. de Freycinet. The debt of France already exceeded that of any other country when this gigantic scheme of public expenditure was entered upon. Even now, on the threshold of its execution, M. Say's promise that a part of its cost would be paid by taxes has failed, and the whole is to come from borrowing, as the milliards for Germany did. "*After us, the deluge,*" seems to be everywhere the motto of European financiers and politicians.

THE CLOSE OF THE ERA OF COLONIZATION.

[FROM THE LONDON SPECTATOR OF SEPT. 18.]

The annexation of Tahiti by the French, formally announced in the *Journal Officiel*, is not an important event. The French may as well govern the island as "protect" it, and better, for protection is only government with imperfect responsibility; and until the Panama canal is cut, which will not be just yet, Tahiti cannot be a place of any political importance. It is a semi-tropical estate, not very large—not a fifth the size of Fiji—growing sugar and tobacco, with a little cotton, and if wisely administered may possibly in ten years pay its expenses. The transaction may serve to remind us, however, of the great change which has within the last century passed over the prospects of the European nations with respect to colonization. A great European Power which chooses to exert itself in that direction, to spend a considerable sum of money annually, and to risk an occasional war, may still acquire dependencies, but there are no more large colonies possible for anybody. There is no large unoccupied place left in the world where a European people could settle its surplus population, and build up a nation which should repeat and transmit its own qualities and special civilization. The English, the two peoples of the Iberian peninsula, the Russians, and the French have got everything. The English possess, actually or potentially, North America, and certainly will permit no other race to occupy the one delicious bit of unused soil, South California, which as yet they are not quite ready to fill up. The Spaniards and Portuguese own habitable South America, and, with the native Indians, cultivate, govern, and defend it—at least so far well—that any other races colonizing there on their own account

would be compelled to commence a very difficult and wearying scheme of conquest. The English have also South Africa from the sea to the region of the tsetse fly, where colonization must stop, Australasia, New Zealand, and Vancouver's Island; that is, every block of soil in the Pacific big enough and empty enough to maintain independent States of pure-blooded Europeans. The French hold the most fertile bit of North Africa, the only bit capable of sustaining a large number of white peasants; and Russia claims, with effect, the only convenient portion of Northern Asia, the Valley of the Amoor. With the exception of scattered islands in the Pacific, which are being slowly swallowed up group by group, there is no more unoccupied land under a moderately temperate climate anywhere. If Germany, for instance, instead of sending a city-full of people to the United States and England every year, wished to pour her overspill into some one place where the colonists might develop a second Germany—perhaps, if so vast a change is conceivable, a Germany without a conscription—she would have to obtain that land by war, and would even then be compelled to accept a population not her own. She may fill up Hungary, or repopulate Asia Minor, or settle in Scandinavia, or take South Africa from England, or if the Englishmen of the United States will allow her, may annex Brazil or the Argentine Republic; but she must preface those operations by conquest, and allow her people to become a different race by admixture of blood. The Germans are too late for grand colonial success. There is no place left where they can settle in peace, multiply until they become a nation, and still keep separate from all other than German people. It is the same with the French, except in North Africa; with the Italians, unless, indeed, they master the Spaniards on the Plate, which is possible, though improbable; and with the Scandinavians. The list of the nationalities appears to be filled up.

We do not in this statement, of course, exclude the possibility of any European Power acquiring new dependencies. It is probable that France will acquire a new and very important one. Her Department of the Marine and Colonies, though not usually very energetic or successful, has recently displayed an inclination to press French claims on Anam in a way which can only end, if the Republic perseveres, in converting all Indo-China, Tonquin, Anam, Cambodia, and Siam into a very large and very rich dependency, occupied by perhaps 40,000,000 of people, and yielding a revenue of £20,000,000 sterling. No one can stop her but ourselves, and if she did not worry so tenaciously about Egypt, we should have no interest in stopping her, any more than we should in preventing the annexation of the magnificent Island of Madagascar. It is a pity to interfere with Madagascar, because the Hovas, the dominant race there, seem to possess the capacity for developing an independent civilization of an enduring kind, but their defense would hardly be worth a war; and if France were to persist for a century she would probably rule the island, which is rich enough,* and big enough, and high enough out of the sea to be the seat of an empire. Germany, if as anxious to possess ships, colonies, and commerce as to defeat the French, might reign over Japan and Borneo—she will do it, if she ever acquires Holland, and so makes the power of that State equal to its Oriental ambition; and even Italy might find in Tunis, or in Eastern Africa, a kingdom in which to display her ability to govern. But none of these possessions will be "colonies" in the ancient and proper sense. They

are all places too hot for successful white labor, too full of dark workmen for emigrants to choose them, and too civilized for the gradual killing-down of the population. White men have, it is true, settled in hot countries, and we do not see that the Carolinian is less of a man than the Canadian; but the white man settled there before cooler lands were open to him, and before the emigrating multitude understood geography and the theory of wages as it does now. And it is true also that one white race, the Spaniard, seems to have endured work, actual work in the open field, side by side with a dark one; but it is the only race that has done it, and the experiment has not succeeded. The dark race has risen to the top again, and while the Mexican creole shrinks from the fighting Indian, he allows the tame Indian to become President of his Republic. We do not object in the least, though the result will probably be the reconquest of Spanish America by the Anglo-Saxon, but this is not colonization in the useful sense. It is only conquest of the most imperfect and least beneficial kind, humanity, taken as a whole, having probably lost rather than gained by the Spanish settlement of South America.

It would be rash to say that this partial closing of the era of colonization must necessarily be a loss to the world, or to the nations concerned, for we do not yet quite know what a race loses in thus diffusing its energies over wider space, or what the world gains. England would seem as yet to have lost nothing, and America as yet to be a magnificent gain to the world. But in England the progress of population has been exceptional, and, perhaps, marvelous, having completely overtaken and supplied the loss by her endless emigration; while about America we only guess, and can only guess, until there is an American people not re-invigorated and modified by the incessant infusion of foreign blood, Greece never did much for mankind after Alexander's conquests opened Asia to her people, and the stream of colonization commenced which only ended when the Turk reduced the Greek Empire—for Eastern Rome was Greek—still rich, populous, and civilized, to slavery and barbarism. Scandinavia and Holstein did not gain by the loss of their swarms of pirates, though the pirates' sons still dominate the earth; and Spain has never fairly regained the energy which went out of her when her bravest and most enterprising sons poured into the New World—the wonderful movement lasting for centuries, which, and not the expulsion of the Moors, destroyed the energy of the Peninsula. But, subject to that reserve, it would seem matter for regret that races so competent, so noble, and so capable of combining order and freedom as the Germans, the French, and the Italians, should have no opportunity of repeating themselves, or of founding new States, and of experimenting in life under new climatic conditions. As the world appears now, they will all be submerged in the great mass of the Anglo-Saxon people, the Teutons who talk English; and though they may carry to that great ocean new qualities, another saltness or freshness, as it were, the result is not yet apparent enough to modern eyes to give us ground for a sanguine faith. The French-American by universal consent is a fine fellow, and the Americanised German is among the most efficient of mankind; but it is what the mixed breed will be a century hence, when all distinctiveness has been merged into the words "North American," that concerns the world. Lincoln, with a touch of French grace and German ideality in him, would suit well enough; but shall we get him, or something else?

CURRENT EVENTS AND COMMENTS.

SALES OF PUBLIC LANDS.

The records of the General Land Office of the United States for the last fiscal year, show 1,455,724 acres sold by pre-emption, 6,870,507, taken up by the homestead act, and 2,129,705 entered for patent under the timber act. The first item includes both pre-emptions and the purchase of fractional quarter sections adjoining homesteads, and the last indicates the advance made in timber cultivation; any settler who cultivates five acres in trees receiving eighty acres of land for nothing, while the cultivation of ten acres entitles him to 160 acres. Sales under both these heads may go on without a direct increase to the population engaged in cultivating the soil. Entries under the homestead law show the direct increase of farmers and farming. The sale of 6,070,507 acres to such men means a population of from three hundred thousand to our five hundred thousand, newly housed and newly homed on the public lands. Great as the sale of the public lands was, it includes only a portion of the land sales in the year ending June 30, 1880. The sales of the great railroad companies of the Western States, all of whom are large holders of the public lands, and of Texas, which holds in fee all the unoccupied lands, over 70,000,000 acres, within its borders, are year by year at least one-half as large as those of the United States. They have often been two-thirds as large. Taking all these sources together, it is probable that not less than 15,000,000 acres have in the last fiscal year been sold to settlers and farmers.

UNITED STATES LAND SALES AT THE SOUTH.

During the fiscal year 1879 the number of acres of public land disposed of by the Government for cash under the Homestead acts, the timber culture acts, and located with agricultural college scrip and military bounty land warrants was 8,650,219.

During the fiscal year 1880 the number of acres thus disposed of was 9,166,918, an increase of 516,699 acres as compared to last year. The sales during 1880 were larger than during any year since 1868.

The most noticeable feature of the business during the year was the extent to which the public lands were disposed of in the Southern States.

The following is a comparative statement of disposition of lands in the Southern States during 1880, as compared with 1879:

<i>States, etc.</i>	1879. <i>Acres.</i>	1880. <i>Acres.</i>	<i>Increase.</i> <i>Acres.</i>
Alabama.....	162,773	350,420	187,657
Arkansas.....	208,856	391,567	182,711
Florida.....	60,845	95,863	35,018
Louisiana.....	27,465	92,680	65,215
Missouri.....	40,862	98,588	57,726
Mississippi.....	21,235	66,287	45,052

A YEAR'S EMIGRATION.

During the year ending June 30, 1880, the number of immigrants arriving at the principal ports, where emigrants enter the country, was as follows: At New York, 263,726; Port Huron, 94,375; Boston, 34,062; Philadelphia, 21,727; Baltimore, 17,394; San Francisco, 7,153; all other ports, 18,820. Total, 457,257.

There arrived from Europe, 347,747; Asia, 5,839; Africa, 21; America, 101,681; Pacific Islands, 954; all other places, 1,015. Total, 457,257.

NATIONALITIES OF IMMIGRANTS.

During the year ending June 30, 1880, the immigration from Europe was as follows: Great Britain and Ireland, 144,876; Germany, 84,638. Sweden, 39,186; Norway, 19,895; Austria, 12,904; Italy, 12,327; Denmark, 6,576; Switzerland, 6,156; Russia, 4,854; Hungary, 4,363; France, 4,313; Netherlands, 3,340; Poland, 2,177; all other, 2,142; total, 347,747. The immigration from the American Continent was as follows: British North American Provinces, 99,706; West Indies, 1,351; Mexico, 492; South America, 88; Central America, 44; total, 101,681. A considerable portion of the immigrants from the British North American Provinces probably consisted of immigrants from the countries of Europe who first emigrated to the Dominion of Canada and subsequently decided to seek homes in the United States. The immigration from Asia was as follows: China, 5,801; India, 21; all other countries of Asia, 16; total, 5,839. Of this number 5,081 arrived at San Francisco, 690 at Astoria, Oregon, and the remainder (68) at all other ports.

The British and Irish immigration was divided as follows: England, 59,454; Ireland, 71,603; Scotland, 12,640; Wales, 1,173. Of the Irish immigrants, 38,151 were males and 33,452 females.

IMMIGRATION FOR TEN YEARS.

The Bureau of Statistics has prepared a statement showing the number of immigrants who arrived at the various ports of the country during the ten years ending June 30, 1880, which exhibits the following results: Atlantic ports north of Cape Henry, 2,131,432; Atlantic ports south of Cape Henry, 2,662; Gulf ports, 47,239; lake ports, 485,025; Pacific ports, 145,319. These figures give a total for the ten years of 2,811,677.

THE FREE-DELIVERY POSTAL SYSTEM.

The following facts and figures in reference to the operations of the free-delivery postal system are obtained from a statement just completed at the Free-Delivery Bureau of the Post-office Department. The figures relate to transactions during the fiscal year ending June 30, 1880:

At the expiration of the fiscal year there were 104 free delivery offices, employing 2,688 carriers, in operation in the United States. New York City heads the list in regard to the number of carriers employed, having 470; Philadelphia, 300; Chicago, 187; Boston, 186; St. Louis, 117, and Brooklyn, 110. The total number of pieces of mail matter handled at these 104 offices amounted to 932,121,843—an increase of 122,267,778 over last year. The total cost of the free-delivery service, including pay of special agents, was \$2,363,693, and the amount of postage on local matter was \$3,068,797. There were delivered during the year 316,159,657 letters and 89,067,505 postal

cards. There were collected 280,489,190 letters and 79,280,430 postal cards; 122,316,076 newspapers were delivered and 43,022,530 were collected. The service was self-sustaining at only four of the 104 offices, viz.: New York, Philadelphia, Boston and Hartford, where the postage on local matter exceeded the cost of the delivery service.

PENSACOLA LUMBER TRADE.

The shipments of timber to foreign ports from Pensacola, for the year ending September 1st, were 9,550,517 cubic feet, against 6,853,996 feet last year. Lumber shipments embraced 50,340,000 superficial feet to foreign ports, and 31,845,000 feet coastwise—a total of 82,130,000, compared with 59,751,000 feet for the previous twelve months. The above figures show a growth during the season of nearly forty per cent.

GRASSES OF THE SOUTH.

The South has been for half a century trying to introduce the cultivated grasses of the North, instead of experimenting with those native to the soil, or looking to other countries whose soil and climate are similar to those of the South. In the meantime no attention has been given to one of the oldest plants of which we have any account, which was cultivated by the Egyptians and the Greeks, and has been in general cultivation ever since, in those countries bordering on the Mediterranean whose climate most nearly resembles that of the South.

Lucerne is a leguminous plant, which has for centuries been one of the principal forage plants of France and Spain, going under the name of alfalfa in the latter country. It comes to us now from California, where it was received from the Spanish South-American countries. The few Southern planters who have experimented carefully with it declare that no language can exaggerate its value. In the loamy prairie lands of the South it seems to find its natural *habitat*.

Like other leguminous plants, it benefits instead of exhausting the soil, as its nourishment is derived largely from the atmosphere, and it extracts extremely small quantities of the phosphates and salts from the soil, while its tap roots penetrate to great depths filling it with nutritive matter. Fields that have been for a few years in alfalfa yield largely increased crops.

Bermuda grass is also destined to become an important element in the future agriculture of the South. Although many of the farmers have not yet made up their minds to accept it as a blessing, it is "to them and their heirs forever" a benefaction, in spite of all their misgivings and fears and protests. Already it has covered with its green carpet some of the gullied hillsides which were sacrificed to the worship of cotton, converting into rich pasturage, old fields which have been abandoned as worthless.

SUEZ CANAL.

The Suez Canal receipts for the first nine months of the present year amounted to 30,017,222 francs, against 22,125,699 francs in 1879, and 23,316,265 francs in 1878. The number of vessels that have passed through the canal during the period indicated is 1,544, against 1,122 in 1879 and 1,205 in 1878. It will be seen that there is an increase for the present year of over 25 per cent. in the traffic of the canal.

THE MISSOURI RIVER.

The Missouri River Improvement Convention, in sitting at Kansas City on September 22d, adopted resolutions that the Missouri Valley country has 215,000 square miles; 4,000,000 people; produces annually 500,000,000 bushels of grain, and is taxed on \$700,000,000 of property. They demand that Congress remove all artificial obstructions to the river's navigation, such as bridges, also snags and drifts; that the survey now progressing towards Sioux City should be continued to Fort Benton, and that Congress should appropriate money for the speedy improvement of the stream. A committee will prepare a memorial to Congress, and a permanent Improvement Association will be organized to collect statistics and facts.

EXPORT OF APPLES.

Shipments of apples from New York and other American ports to Europe are now 50,000 barrels weekly. In the week ending October 2, they were 79,907 barrels, of which 33,700 barrels were sent from New York, 38,700 from Boston, and 7,506 from Montreal. Until that week the exports from New York exceeded those from both of the other ports named. Apples which sell at wholesale in this market for \$1 to \$1.25 a barrel bring from \$1.50 to \$2.50 in British markets. Liverpool and Glasgow are now the principal markets, though Bremen and Hamburg are taking some shipments.

The foreign market this year is unusually active, owing to the failure of the crop all over England and the Continent. The yield in this country is enormous, perhaps the largest ever known. It is "apple year" in nearly every State in the Union. The young orchards in Maine and New Hampshire are loaded down, and the Boston shippers, who generally come to New York for their supply, have all they can handle at home. The Western markets are also glutted with the home supply of apples. In 1878, which was also a good apple year, 333,000 barrels of the fruit were sent abroad. This year it is estimated that 500,000 barrels will be shipped.

CONCENTRATING GOLD AND SILVER ORES.

The New York *Indicator* says:

"Concentration is a method of separating, by the aid of machinery the valuable portions of low-grade ores from the gangue, or waste rock, in order that the miner will have a smaller tonnage to pay the smelter for treating, while securing nearly all of the valuable metals originally contained in the ore. The reduction in bulk varies with the character of the lode. . . . Ten tons of crude ore can be concentrated to one of mineral on some lodes, and five into one in others.

There are two systems of concentration, known as dry and wet. One uses water in the work of separation and the other does not. Each requires a great deal of machinery, such as engines, crushers, stamps, jigs, hoppers, elevators, etc. The wet process is the one in most general use. Probably over forty concentrating mills have been erected in Colorado. Some were faulty in method and construction and others are idle for various causes. The majority of them, however, are doing good service. The Frue Vanner machines were extensively introduced in Boulder county some years ago, but few of them are now in use. The Hartz jig seems to do the best service. The Krom (dry) separator has done good work. The two largest concentrating mills of the State, both of recent construction, are the Freeland and Bull Domingo, each having twelve Hartz jigs and a

capacity of 120 tons daily. Clear Creek county is better supplied with concentrators than any other section. Seven mills are now at work there, but not generally to their full capacity.

Further West, concentrating mills have lately been erected in several western territories and in Nevada. The Comstock and other great lodes have use for them, and Utah mining sections will be greatly benefited by such works. In the years to come millions upon millions of dollars will be secured by the aid of concentration that are now unattainable, and millions of tons of ore, now thrown upon the dump piles or left in the mines, because too poor to handle, will be converted into marketable ore for the smelter.

FINAL SETTLEMENT FOR THE PITTSBURGH RIOTS.

The official report of the losses by the railroad riots of July, 1877, has just been published. The following is the loss of railroad property:

For Pennsylvania Railroad losses.....	\$ 2,007,400
Pittsburgh, Cincinnati and St. Louis Railway.....	227,814
Cleveland and Pittsburgh Railway.....	322,233
Erie and Pittsburgh Railway.....	5,490
Pittsburgh, Fort Wayne and Chicago Railway.....	34,769
Ashtabula, Youngstown and Pittsburgh Railroad.....	2,010
<hr/>	
Total.....	\$ 2,310,166
Accrued interest to date.....	334,974
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Grand total..... \$ 2,645,140

These claims were compromised at \$ 1,600,000. The total number of all other claims to Sept. 20, 1880, was 1,502; the face of these claims was for loss, and did not include the interest, amounting to \$ 3,261,013.81. They have been compromised and settled for \$ 2,489,737.97.

CEREAL CROPS OF CANADA.

The excess of the cereal crops of Canada above the demands of the home consumption, must be shown pretty nearly by the net exports.

Statement showing the quantity of barley, flour, malt and wheat imported into and exported from the Dominion of Canada during the fiscal year ending June 30, 1880:

Articles.	Imported.	Exported.
Flour.....bbls.,	113,035 ..	561,483
Wheat.....bush.,	7,521,594 ..	12,184,936
Barley.....bush.,	15,635 ..	7,062,781
Barley, malt.....lbs.,	17,199 ..	38,026,588

Taking 35 pounds malt as the equivalent of one bushel of barley, the net surplus of the barley crop of the Dominion of Canada in 1879 was 8,133,128 bushels.

SOMETHING NEW ABOUT POTATOES.

The San Francisco *Commercial Bulletin*, of Sept. 16th, says: "During the past year or two an important industry has sprung up in this State in the way of preserving potatoes for a foreign market. A machine has been invented for pressing and preserving potatoes in such a manner that they may be dried and kept for a number of years in any climate. No oxidization or fermentation takes place in the process, and after the potatoes go through the entire process, they retain to a great extent their natural taste and original freshness. Shipments made to England during the past year by Falkner, Bell & Co., have attracted attention, and the demand for California

preserved potatoes in that country already exceeds the supply. The first shipment to Liverpool brought the sum of \$160 per ton over all expense of shipment. Last year about twenty tons were shipped from San Francisco, which brought forty-five English shillings per hundred weight, or at the rate of \$3 per sack for green potatoes. At Arcata, Humboldt county, a strong company has been organized to preserve potatoes by this new process. Ventura has an apparatus in working order, and will handle a large quantity of potatoes this Fall. San Francisco merchants and capitalists evince a lively interest in the enterprise and are watching results closely. The testimony of English merchants is to the effect that the products are superior and in active demand.

THE CALIFORNIA VINTAGE.

The wine crop of this year in California is estimated at ten million gallons. The San Francisco *Journal of Commerce* says: "We are satisfied that the great part of it will be consumed at home—that is, in the United States; and we have a population of close on 50,000,000 to draw on. But it will have to be sold at a reasonable price. Great fortunes from vineyards or from selling wine need not be looked for. Both growers and merchants will have to be satisfied with reasonable interest on the money invested. Given a good and pure wine that can be sold to the masses at the rate of say forty cents a gallon, and there would be for many years a demand fully if not more than equal to the supply."

FAILURE OF THE FRENCH VINES.

The decrease in the French wine production is alarming. The figures, as given in the *Economiste Français*, set the production for 1869 at 70,000,000 hectolitres (a hectolitre being equal to over one hundred quarts); in 1875 at 84,000,000; and thereafter steadily less until last year it was only 30,000,000, and will this year be less still. In 1872 France exported wine to the value of \$33,000,000; last year, after a steady decline, it was but \$24,000,000, a sum largely made up by a rise in prices, concealing in part the decrease in production. But the most extraordinary fact is the increase in importations of wine, indicating that France will have her regular wine supply for home consumption, even if she has to import it; the imports, which in 1872 were only worth \$1,600,000, reached last year the surprising figure of \$34,000,000. These imports of wine come from Italy, Spain, Algeria, Hungary and the United States.

It is, of course, unnecessary to say that the phylloxera is responsible for all this. The insect has proved, thus far, invincible. Half the vines, it is estimated, have been already destroyed, and the best judges believe the remainder to be doomed, and the total extinction of the French vines to be inevitable within five or six years.

The only escape from utter surrender of the industry, and consequent destitution of whole districts, seems to be the planting of American vines. These have so far succeeded invariably in defying the phylloxera in France. The owners of the large vineyards are trying this, but the small growers, who cannot afford to root up their vines, and wait some years without income for the new vines to produce wine equal to the old standard, are struggling on still with the old vines. The difficulty of the substitution of the American for the native vine, is evident from the calculation that it would take 19,335,780 cuttings to replace the existing vines, at four dollars the hundred. If the present rate of substitution were kept up, it would not be completed for one hundred and twenty-eight years.

RAILROAD EXTENSION IN SOUTH AMERICA.

The Buenos Ayres *Standard*, of Sept. 14, says: "Public attention is centered on railways, and a project is now before Congress to make a railway loan for \$1,000,000 sterling to prolong the Tucuman and Andino lines, both of which belong to the National Government. The railway bonds proposed to be issued by this law will probably not reach the London market, since there are French firms anxious to get the contract for the work, receiving the bonds in payment, and even, we understand, American railway contractors are looking for the job. The National Government has already contracted in France with the Creuzot Works for 20,000 tons of rails, and has arranged with two lines of steamers for the freight on same from Antwerp and Havre."

TEHUANTEPEC RAILWAY.

The road across the Isthmus of Tehuantepec, Mexico, which is being built by Mr. Edward Learned, of Pittsfield, Mass., under special concession from the Mexican Government, is progressing favorably. The road is to be one hundred and forty miles long, connecting the two oceans. Eighty miles have been located, and more than thirty miles will be opened by the close of this year. The climate has not proved hostile, and while a part of the route is through rich sugar and coffee plantations, which the engineer compares to the open prairie lands of the West in the United States, there are other sections which are a dense forest jungle, but nowhere are there difficult excavations in rock or tunneling. Large quantities of material are being shipped.

THE NORWEGIAN WOOD PULP TRADE.

A considerable revival has lately taken place throughout Norway in all departments of the timber and planed-wood trades. The wood pulp manufacture, however, has fared better, the demand from Great Britain and France being persistently on the increase. Although the production in 1879 exceeded that of the previous years prices were lower, from the great local competitions; but as esparto grass has risen in value, it will very soon favorably influence the price of wood pulp, the more so as the English paper makers contracted pretty largely for paper pulp during the winter, to the amount of 2,000 tons in excess of the ordinary demand. The wood pulp used in England contains about fifty per cent. of moisture, but the French paper makers prefer having it air-dried, containing only eight per cent. There are also four mills employed in making millboards from paper pulp. These are used for band boxes and are all sent to England.

COMPRESSED AIR ENGINES.

The following account is given of a recent experimental trial at Woolwich (Eng.):

"An air engine weighing ten tons hauled a load of sixteen tons a distance of sixteen miles. The trip was made in fifty-three minutes, or faster than the average rate on the elevated roads. The engine was charged with compressed air in fifteen minutes at a stationary pumping house, and showed a pressure of 1,000 pounds to the square inch at the time of starting. This did the work for the whole sixteen miles. The air reservoir was small, being capable of containing only one hundred cubic feet. By increasing this reservoir and the size of the engine it is thought that an air locomotive could be built more powerful than any 'steam horse' now known."

A PROFITABLE NEWSPAPER.

A Paris letter says:

The liquidators of the *Petit Journal* have issued a report showing that the profits of that journal, sold for one sou (which is $\frac{1}{20}$ of a cent), amounted in 1879 to 2,996,763 francs, or nearly £ 120,000. Seven or eight years back the paper was insolvent, with liabilities amounting to three millions of francs. A syndicate of capitalists was formed to carry it on with the liquidators, and all the arrears have since been paid off, and the undertaking is now the most prosperous of the kind in France. The syndicate receives twenty per cent. of the profits, but the dividend to the shareholders is 160 francs. The shares, which were unsalable at fifty francs, are now worth over 3,000 francs. The former difficulties were caused by attempting to combine banking and Bourse speculation with the paper.

TIN IN AUSTRALIA.

The New York *Stockholder* says;

Tin veins in Australia occur in granite formation and the tin is similar in hardness, specific gravity and other respects to that of the Cornish tin mines. In the "New England district" the veins occur between veins of mica and quartz, and sometimes crystals of tin stone are found interspersed among huge boulders. On the alluvial tin workings are two drills, the lower is composed of water-worn tin stone, which requires stamping; and the upper consists of bright stones not affected by water. Gold, diamonds, sapphire, topaz, zircon and other precious stones occur in these drifts. The extent of the country containing tin is about 8,500 square miles. The demand for tin is limited, and when the output exceeds the demand, its value falls so rapidly that mining operations, that were remunerative, have to be abandoned to avoid loss. During 1878-9 when tin reached in London \$ 300 per ton, many of the Australian mines could not put their tin on market with profit. The exportation of tin commenced in 1872, when forty-seven tons of ingots, valued at \$ 32,410, and 849 tons of ore, at \$ 206,686, were shipped. The total amount exported up to the close of 1878 was 29,881 tons of ingot and 596,912 tons of ore, valued at \$ 13,859,400. The greatest was in 1875 when ore and ingots amounting to \$ 2,806,555 were shipped.

THE EARTH'S POPULATION.

According to the new issue (No. 6) of Behm and Wagner's well-known *Bevölkerung der Erde* the present population of the earth is 1,456,000,000, as against 1,439,000,000 two years ago, an increase of about 17,000,000. This, however, cannot be set down to absolute natural increase, much of the addition being, no doubt, the result of new and more accurate statistics. The last publication has to take account of several new censuses, some of them in countries where the population has not been accurately counted for many years, if at all. We have, for example, the census of Spain in 1877; Portugal, 1878; Greece, 1879; Bosnia and Herzegovina, 1879; New Zealand, 1878; Peru, 1876; Denmark, 1880, besides several smaller places. The total population is divided among the continents as follows: Europe, 315,929,000, or at the ratio of 32.5 per square kilometer; Asia, 834,707,000, or 18.7 per square kilometer; Africa, 205,679,000, or 6.9 per square kilometer; America, 95,495,500, or 2.5 per square kilometer; Australia and Polynesia, 4,031,000, or 0.4 per square kilometer; the remainder, 82,000, belong to the North Polar region, mostly Iceland and Greenland. In these estimates, the population of the United States is put at 47,000,000.

EASTERN EUROPE.

There are great regions in Eastern Europe, in Russia and Turkey, and in the province detached from Turkey within recent times, which are sparsely occupied, although the attraction to occupation would be very strong if the political conditions were improved. Fertile lands, good climate and nearness to the best markets, are all found together in these physically favored countries. Of one of them, a correspondent of the London *Times* says:

"Bulgaria, within five days' journey by railway from London, would repay the cultivator from thirty to forty per cent. on his capital. . . . Unlike our colonies or the American States, no long, weary sea voyages, intervenes to make the settler an exile, and though he will have to live under a foreign Government, yet I feel sure he will find protection both for himself and his property. The opening of this new field for enterprising farmers and settlers is the result of the late war and of the lately-acquired freedom of the Bulgarians; for the Turkish landowners, hating to live under the Government of the despised Bulgarians, are now selling their property and migrating to Asia Minor and other parts of Turkey, and the result of so much land being thrown on the market all at once, in a country where capital is scarce, is that it is being sold at almost nominal prices.

"Within the last few days I have been offered an estate of 3,000 acres of deep alluvial soil, well watered, and capable of growing wheat, oats, barley, Indian corn, and other European crops, besides offering excellent pasturage for large flocks and herds, within two miles of a port on the Danube, for the sum of £2 per acre. As a further inducement to purchasers, a farm-house, extensive farm buildings, two steam thrashing machines, a steam mill, 1,200 sheep, 100 oxen and cows, and a drove of horses are thrown in. Large oak woods cover a part of the land, which, I am informed, might be cut and sold to cover the entire cost of the estate. This is one estate, but there are now many others in the market within the means of men with a capital of from £1,000 to £10,000. Throughout Bulgaria agricultural labor is cheap, plentiful and good; and, in spite of the abuse of late lavishly bestowed on the Bulgarian, I can assert from personal experience extending over some dozen years that he is a quiet, sober, industrious fellow, easily managed, easily instructed and fond of order and quiet."

ILLINOIS CENTRAL RAILROAD.—The Illinois Central has very nearly paid off the State debt of Illinois. This has been done by the seven-per-cent. tax on the gross earnings, which the Illinois Central road is, by its charter, required to pay annually into the State Treasury, in consideration of its land grant. The road was completed in 1855, and the first payment of the Railroad Company into the State Treasury was made October 31 of that year. The last semi-annual payment, or that for the six months ending April 30, 1880, was \$165,777. Total amount paid into the Treasury since 1855, \$8,104,650, as against a State debt of \$12,280,000 in 1863.

THE LAW OF WAREHOUSE RECEIPTS.

UNITED STATES DISTRICT COURT—SOUTHERN DISTRICT OF OHIO.

First National Bank of Cincinnati v. H. M. Bates.

A warehouse receipt, though not in the commercial sense of the term negotiable, is an assignable instrument.

The assignment and delivery of such an instrument vests the legal title of the property in the assignee, without notice to the warehouseman.

The statement in such an instrument, that the property is to be delivered upon order, upon the *return* of the receipt is a representation upon which the assignee has a right to rely, and if after the assignment and delivery of such an instrument, the warehouseman, without the consent of the assignee, delivered the property to the person to whom he had given the receipt, he will be liable to the assignee for the value thereof, although he had no notice of such assignment.

—*American Law Register.*

This was an action brought by the assignee of warehouse receipts against the warehouseman, for delivering the property stored to the assignor, after the assignment. The facts were substantially as follows: In December, 1876, and January, 1877, defendant received from James B. Grant, three lots of lard, and issued therefor warehouse receipts, each receipt stating that the lard was "subject to his order upon the return of this warehouse receipt."

Grant afterwards assigned and delivered these receipts to plaintiff, who, however, did not notify defendant of the assignment. Defendant afterwards, without any knowledge of such assignment, delivered the lard to Grant without requiring the production of the receipts. Plaintiff claimed that the receipts had been assigned to it as collateral for all indebtedness, present or future, on account of loans made from time to time to Grant, and that this indebtedness at the time of suit brought, amounted to more than the value of the lard. Defendant claimed that the receipts had been assigned as collateral for special loans which had been afterwards repaid, and further, that as defendant had received no notice of the assignment, he was discharged from all liability by his delivery of the lard to Grant.

SWING, J., charged the jury as follows:

Upon a demurrer to the evidence, we have already determined that this action is in the nature of an action of trover to recover for a wrongful conversion of the property described in the warehouse receipts. It is therefore unnecessary to determine the negotiable properties of warehouse receipts. We may remark, however, that in the commercial sense of the term they are not negotiable instruments. But it is the well-settled law that they are assignable.

In this view we are required to ascertain, therefore, what rights of property and possession vested in the assignee by the assignment of these warehouse receipts, but in doing this we shall not attempt a review of the numerous authorities cited by learned counsel, or perhaps the more difficult task, of reconciling them, as the Supreme Court of the United States, in *Gibson v. Stevens*, 3 How. 399, has declared the law upon the subject, and by this we are governed.

In that case, McQueen & McKay had purchased of certain parties, a quantity of pork and flour, which was then in the warehouse of the vendors, and had taken from them a written memorandum of the sale, with a receipt for the money, and an engagement to deliver it in canal boats soon after the opening of canal navigation. There was also a written guarantee that the articles should bear inspection. Afterwards, McQueen & McKay, in consideration of advancements made to them by a commission merchant, indorsed and delivered these papers to the merchant, and the question determined by the Court was the legal effect of such indorsement and delivery.

Chief-Justice TANEY, in delivering the opinion of the Court, says:

"In the opinion of the Court, it transferred to him the legal title and con-

structive possession of the property; and the warehouseman, from the time of this transfer, became his bailee, and held the pork and flour for him: the delivery of the evidence of title and the orders indorsed upon them was equivalent to the delivery of the property itself."

The principle of that case applies to the assignment and delivery of warehouse receipts, and was so recognized by Judge Dillon in *Harris v. Bradley*, 2 Dill. 285, and by Justice Miller of the Supreme Court, in *McNeil v. Hill*, 1 Woolworth 96.

The legal title and constructive possession of the property being vested in the assignee of the warehouse receipts, he has the right to maintain an action for its conversion.

If, therefore, the jury shall find from the evidence in the case, that the warehouse receipts in controversy were assigned and delivered by Grant to the plaintiff, in pledge as collateral security for any general indebtedness which then, or might thereafter exist from Grant to the plaintiff, and said Grant was then indebted, or afterward became indebted upon the faith and credit of these papers to the plaintiff, and such indebtedness remains unpaid, and the defendant, without the knowledge and consent of the plaintiff, surrendered the lard to Grant, the plaintiff will be entitled to your verdict for the value of the property, not exceeding the amount of the indebtedness by Grant to the bank, and to this the jury may add a sum equal to six per cent. interest to the first day of the term.

The defendant, having delivered to Grant these receipts, placed it in his power to treat with the plaintiff upon the faith of them; and his statement in them that the lard was to be delivered upon the order of Grant upon the return of the receipts, was a representation upon which the plaintiff had a right to rely; and if, without the return of such receipts, he delivered this lard to Mr. Grant, it will not protect him in this case.

If the jury find from the evidence in the case, that all of the warehouse receipts, in controversy, were not pledged as general collaterals for general indebtedness of Grant to the plaintiff, but were pledged as special collaterals to secure specific loans, and the loans for which they were pledged have all been paid, then your verdict will be in favor of the defendant; or if a portion of them were so specifically pledged, the plaintiff would not be entitled to a recovery for those so pledged.

The plaintiff has asked the Court to give the jury the following instructions, among others:

1. We ask the Court to instruct the jury, that if the defendant received the 300 tierces of lard from James B. Grant into his warehouse, and gave him the three warehouse receipts set out in the petition, and while the said lard was so stored in the said warehouse, the said Grant indorsed the said warehouse receipts, delivered and pledged them to plaintiff under the paper in evidence called a general collateral, dated December 23d, 1876, for money then borrowed or then due, and as a basis of continued debt or of continued or future loans, and the plaintiff in good faith, relying upon such pledge, subsequently loaned, or continued the loans upon the faith of such warehouse receipts as a security, and which loans are now due and owing the bank, then the lard named in such receipts, from the time of such pledge and indorsement, became the property of the plaintiff to the extent of such indebtedness, and if the defendant afterwards gave said lard to Grant, or to any one else, without the return of the said warehouse receipts, and without the consent or knowledge of the plaintiff, whereby it has been lost to the plaintiff, then the defendant is liable in this action to the plaintiff for the value of said lard at the time of its delivery to said Grant and loss to the plaintiff, and the jury may add to such sum as damages, a sum equal to six per cent. thereon. Given.

2. If the plaintiff and defendants have both suffered by the fraud of James B. Grant, by the defendants leaving the warehouse receipts in question outstanding, and the delivery to him of the lard without the said warehouse receipts, and by the use of said receipts by said Grant in the ordinary course of business, as a means of credit with the plaintiff, then the defendant must bear the loss. Given.

3. That to transfer the title to property held by a warehouseman, and for which he has given a regular warehouse receipt, to a party as collateral security for a loan, by indorsement and delivery of the warehouse receipt, it is not necessary that the party receiving the receipt as such collateral shall give notice of the assignment of such receipt to him. Given.

The defendant has also asked special instructions, as follows :

1. The warehouse receipts of Bates, copied into the petition, were not negotiable, so that their indorsement and delivery by Grant to the bank vested a right of action thereon in the bank against Bates for the lard or the value thereof.

Refused, as written; given as follows: "It did not vest a right of action as upon a negotiable note or bill of exchange, but it did vest in the bank a right to maintain an action for injury to, or conversion of, or for a recovery of the property."

2. The indorsement and delivery of said warehouse receipts by Grant to the bank created no privity of contract between them which prevented Bates from delivering said lard to Grant unless said Bates had notice of said transfer to the bank. Refused.

3. The only effect of said indorsement and delivery of the warehouse receipts by Grant to the bank was to transfer to said bank the title to said lard and the right to its possession, and to constitute said Bates the bailee of said bank when notified of said transfer to the bank. Refused.

4. The stipulation of said warehouse receipts that said lard is subject to the order of Grant on the return of said receipts is personal between said Bates and Grant, and said Bates could waive their return unless he had notice of their transfer to the bank. Refused.

5. If said First National Bank and the warehouse and place of business of said Bates were in Cincinnati, and the same was known to the representative officers of said bank, and they did not, within a reasonable time after said receipts were transferred to the bank, notify said Bates of said transfer, then said bank was guilty of negligence, and said Bates was not bound to keep said lard, but was justified in delivering it to said Grant. Refused.

6. If the representative officers of said bank knew, while the bank held said receipts, that said Grant was, from time to time, obtaining said lard in parcels from said Bates, and did not object, then said bank cannot complain if said Bates delivered all said lard to said Grant. Refused.

7. If said bank officers had good reason to believe, from the course of business of said Grant with said Bates, that said Grant was obtaining said lard in parcels from time to time, while it held said receipts, it was their duty to have inquired about it, and to have notified said Bates, and their failure to do so exonerates said Bates from all liability. Refused.

8. If the custom of pledging such warehouse receipts as collateral upon which to raise money was not known among warehousemen, and said Bates had not notice of any such custom, then he is not bound by it, and it did not prevent said Bates delivering said lard to said Grant, and the transfer of such receipts to the bank was not binding on said Bates. Refused.

11. If the bank claims the collaterals under the four notes dated in August and September, 1877, about eight months after the receipts were issued, it was the duty of the bank to have first inquired to ascertain if Bates was in Cincinnati accessible to them. The lapse of time was such as to put the bank on inquiry about the lard before they could hold Bates responsible.

Refused, as written; given as follows: "If these loans were made at the date of the last notes; if they were original loans of that date, and Grant had then presented the bank with these collaterals, which had been given some eight months before that date, it was the duty of the bank to make inquiry in regard to them before taking them as security. If, however, they were renewals of original notes, and the receipts had been pledged as collaterals to the original notes, the renewals would carry the pledges with them to the last note of such renewals."

Verdict for plaintiff, \$8,955.

LIABILITY OF NATIONAL BANKS FOR FRAUDS OF OFFICERS.

PENNSYLVANIA SUPREME COURT, MAY 3, 1880.

Steckel v. First National Bank of Allentown.

Plaintiff, who was a depositor in a National bank, requested a certificate of deposit drawing interest for a portion of his deposit. The teller of the bank gave him a certificate which purported to be issued by B. & Co., a private banking firm, and informed him, in the presence of the cashier of the bank, that this was the bank's certificate, upon which assurance plaintiff accepted it. The members of the firm were the managing officers of the bank, but had a separate place of business in the same town. *Held*, that the bank was liable to the plaintiff for the amount of his deposit.—*Albany Law Journal*.

Action by Alfred P. Steckel and others to recover \$ 3,251.63, a balance of money alleged to be deposited with defendant. The opinion states the case. The Court below directed judgment for \$ 251 in favor of plaintiffs, from which they took a writ of error.

PAXSON, J. The principal cause of complaint in this case is that the learned judge of the Court below withdrew from the jury the consideration of the question of fraud, upon the ground that there was not sufficient evidence to submit it.

The plaintiffs kept an account with the corporation defendant, and were in the habit of making deposits and drawing checks in the usual manner. William H. Blumer was the president of the bank; his son, Jacob Blumer, was the cashier. Three of the directors, including the said William H. Blumer, composed the banking house of William H. Blumer & Co., which carried on business but a few hundred feet distant from the First National Bank of Allentown. The plaintiffs having money on deposit with the bank, and being desirous of obtaining interest-bearing certificates therefor, called at the bank for that purpose. Dr. A. P. Steckel, one of the plaintiffs, testifies as to what occurred, substantially as follows: "I went to the bank every week or two to make my deposits; some time in August, when I made deposit, I asked the teller, George Straub: 'Does the First National Bank take any money on certificates?' He said: 'Yes, sir; do you want to leave us some?' I said, 'No, not to-day.' I asked him whether the First National Bank issued certificates of deposit, and as a matter of course pay interest, and he said: 'Yes;' then I came there again in September, 1876, and made my ordinary deposit in the bank, and after we were through I said to the teller that I would take the First National Bank certificates for \$ 700. I filled out a check and he handed me a certificate; I looked at the certificate for \$ 700; it was to be made on demand, and asked him: 'Is this the First National Bank certificate?' the answer was: 'Yes, sir, it is;' I then said: 'This reads Blumer & Co.; I want this distinctly understood, I want nothing but the First National Bank certificates;' he answered me that this was one and the same thing; that it should pass to the credit of the company, the same as it was before. With this assurance I took that certificate. This was in the presence of the cashier of the bank, Jacob A. Blumer." Two other certificates, aggregating, with the one above mentioned, the sum of \$ 3,000, were obtained under circumstances not essentially different. There was evidence that the president of the bank recognized them as binding upon the bank, and offered to reinstate the plaintiffs as they were before, when the bank examiner was through his examination. That examination, however, resulted in the closing of the bank.

We must assume the jury would have found the facts as testified to by

the plaintiff Steckel. The facts established, we have a case of palpable fraud. It is not an answer to say the plaintiffs ought not to have been deceived, and with ordinary care would not have been. The fact that the Blumers were respectively president and cashier of the National Bank, as well as leading members of the banking house of Blumer & Co., was calculated to mislead and deceive, and when told in positive terms that the certificates, although signed by Blumer & Co., were the certificates of the bank, the plaintiffs may readily have believed it was all right.

It was urged, however, that even if there was a fraud it does not affect the bank; that an agent can only act within the scope of his authority; and that a bank is not bound by the fraudulent representations of one or more of its officers. There is no doubt as to the general rule that an agent can only bind his principal so long as he acts within the scope of his authority; but we do not think the principle applies in this case. A bank is responsible for the safe keeping of the money of a depositor, and it cannot set up fraud of its own officers as an answer to a demand for repayment. Public policy forbids it. The plaintiffs, after ascertaining the fraudulent character of the transaction, tendered the certificates to the bank and demanded the payment of their original deposit. In other words, they rescinded the contract on the ground of fraud. If their allegations are true, they had a right to do so, and proceed upon the original cause of action.

The question of fraud should have been submitted to the jury. What has been said sufficiently covers the points involved.

Judgment reversed and a *venire facias de novo* awarded.

Zeigler v. First National Bank of Allentown..

Plaintiff, who was unable to read, deposited money in a National bank and took a certificate of deposit therefor which the officers of the bank represented was a certificate of the bank. It was, on its face, the certificate of a private banking firm, composed of some of the officers of the bank. *Held*, that the bank was liable for the amount of the deposit.

Action by Philip Zeigler to recover \$ 2,980.80 alleged to be deposited with defendant. At the trial plaintiff proposed to prove that prior to 1874 he had done business at the Union National Bank of Reading; that for his own convenience he wished to change his bank, and applied to Blumer, the cashier of the First National Bank of Allentown, the defendant corporation, at its banking house, and told Blumer that he wished to deposit money to be entered on a deposit book, and draw checks as he had done in the other bank; that Blumer informed him that the defendant bank did not do business in that manner, but that it would issue certificates of deposit for his deposit, and he could draw checks upon the bank and the bank would pay them; that he deposited his money, took a certificate of deposit, which he was assured was the certificate of the First National Bank of Allentown by Blumer; that he was unable to read the certificate; that at the same time Blumer gave him a number of blank checks on said bank; that from time to time after that he deposited money and received certificates and drew checks on the said bank which were paid; that on the 11th of October, 1876, a settlement of accounts between plaintiff and the bank was had, the checks drawn by plaintiff were surrendered, plaintiff made a deposit and a new certificate of deposit for the balance then due (\$ 2,980.80) was given him by the officers of the bank. This certificate was in fact the certificate of the banking house of Wm. H. Blumer & Co., a firm doing business near the bank, and whose members were the managing officers of the bank. That plaintiff did not then know that the certificate was that of the firm but believed it to be that of the bank; that he did not know of the existence of the firm named until after their failure, and the failure of the bank, which took place in 1877; that at the time of the issue of the certificate last named the firm named were insolvent, which fact was known to the officers of the bank.

This evidence was, on the objection of defendant, excluded by the trial

Court and in the absence of evidence a verdict rendered for defendant. From the judgment entered upon it plaintiff took a writ of error.

PAXSON, J. When the plaintiff took his money to the First National Bank of Allentown and handed it to the cashier for deposit the bank became responsible therefor. The cashier was the executive officer of the bank, and authorized by the very nature of his office to receive money on deposit. After receiving it, no trick or fraud on his part by means of which the money was passed over to Blumer & Co., a firm in which the bank officers were largely interested and appeared to have had the control, could absolve the bank from its liability. No class of men have the confidence of the people to a greater extent than bank officers. Depositors do not deal with them at arms' length, and can be imposed on with the greatest ease by such officials. It would be monstrous to allow them to take advantage of the ignorant and unwary by reason of their position and the confidence which it inspires. It was doubtless a misfortune to this bank to have unworthy officials, if such should prove to be the case. It certainly was unwise to permit its chief officers to occupy a dual position with divided interests, but the consequences resulting therefrom cannot be visited upon those who dealt in good faith with the bank.

This case is ruled in a great measure by *Steckel v. First National Bank of Allentown*, just decided. It was error to reject the evidence contained in plaintiff's offer. The facts offered to be proved amounted to a fraud upon the plaintiff, and he was entitled to have the question passed upon by a jury.

Judgment reversed and a *venire de novo* awarded.

Resh, Plaintiff in Error, v. First National Bank of Allentown.

Defendant, who had money on deposit in a National bank, when demanding payment thereof, was induced by an officer of the bank to sign a promissory note, which was represented to him to be a receipt for the money. He was unable to read English. *Held*, that he was not liable to the bank upon the note.

Action upon a promissory note for \$500, signed by the defendant below and payable to his own order and indorsed by him in blank. Upon the trial plaintiff below proved the note. Defendant offered to show in substance that at the time the note was made he held a certificate of deposit of the First National Bank of Allentown, the plaintiff, for \$500, for moneys deposited by him in such bank; that on the 7th of March, 1877, he presented the certificate at the bank for payment; that he was requested by an officer of the bank to sign what the officer represented to him was a receipt for the amount, and that under such representation he signed the paper, which was the note in suit; that being unable to read or speak the English language he supposed the paper to be a receipt. This evidence, on the objection of plaintiff below, was excluded as incompetent. From a judgment for plaintiff defendant took a writ of error.

PAXSON, J. While this case differs somewhat in its facts from *Zeigler v. First National Bank of Allentown*, and *Steckel v. First National Bank of Allentown*, just decided, it is similar in principle, and comes within the rulings of those cases.

The third assignment covers all that it is necessary to discuss. The Court rejected evidence offered to prove that the note in suit was procured from defendant below by fraud on the part of the bank officers; that he went to the bank to receive payment of a certificate of deposit for \$500; that when the money was paid he signed a paper represented by the bank officer to be a receipt for \$500, but which afterward turned out to be a note for \$500, upon which this suit was brought.

It is true the plaintiff denies the facts upon which this offer was based. But this denial goes for nothing, as the jury were not allowed to pass upon them.

The evidence should have been admitted. Judgment reversed and a *venire facias de novo* awarded.

DISPUTED OWNERSHIP OF DEPOSITS.

SUPREME COURT OF PENNSYLVANIA.

OPINION FILED JUNE, 1880.

First National Bank of Lock Haven v. Mason.

Although it is a well-settled rule, that money deposited in a bank to the credit of A may be shown to be the property of B, yet this question can arise only upon the claim of the real owner, or his creditors; it cannot be set up by the bank where the deposit was made.

A kept an account in a bank in his own name. The bank notified him not to draw any further against his account as it (the bank) proposed to hold the balance for security of an indebtedness against B, who, they alleged, was the real owner of the money deposited. Held, that the bank, by accepting the deposit in the name of A, was estopped by its own act from disputing the apparent ownership of the fund.—*Chicago Legal News.*

PAKSON, J. The plaintiff below brought his suit against the First National Bank of Lock Haven, to recover the amount of moneys he had deposited with said bank.

The defendant offered to prove that the money deposited in the name of James D. Mason, the plaintiff, was in fact the money of the firm of Thomas & Mason, of which firm the plaintiff was a clerk; that the plaintiff had admitted at the time the deposits were made that the money belonged to said firm, and was placed in his name as a matter of convenience in paying small bills; and that the said Thomas & Mason were indebted to said bank in excess of the amount standing on its books to the credit of the plaintiff. The bank claimed to set off the indebtedness of Thomas & Mason against the claim of plaintiff in this suit. This evidence was rejected by the Court below, and forms the subject of the first assignment of error.

Thomas & Mason made no claim to this money. The said firm having failed, the bank seeks to protect itself by setting up their title to the funds in question.

It is well settled that the money deposited in a bank to the credit of A may be shown to be the property of B. It may be reached by attachment on the part of judgment creditors of B, or its payment by the bank to A may be stopped by a proper notice on the part of B that the money belongs to him. The credit on the books of the bank is but *prima facie* evidence of ownership; *Harrisburg Bank v. Tyler*, 3 W. & S. 373; *Eraser v. Erie Bank*, 8 Id. 18; *Jackson v. The Bank of the United States*, 10 Barr 61; *Bank of Northern Liberties v. Jones*, 6 Wright 541; *Starr v. York National Bank*, 5 P. F. S. 368; *Arnold v. Macungee Savings Bank*, 21 P. F. S. 290. These were cases, however, in which the true owner set up a claim to the fund. We have here a very different question. The bank, the depository, sets up an adverse title to defeat the suit of its own depositor. The bank held its claim against Thomas & Mason when the plaintiff made his deposits, and they knew, or, at least, they alleged they knew, when the deposits were made that the money so deposited in plaintiff's name belonged to said firm; yet, under these circumstances and, with this knowledge, they permitted the plaintiff to make the deposit in his own name. Having received it as the money of plaintiff, and given him credit therefor, the bank is estopped, in the absence of any notice from or claim by the real owner, from disputing plaintiff's title. Having received the money as the money of the plaintiff, they are bound to pay it to him or upon his order. Such a contract is implied from the fact of the deposit. In *Jackson v. The Bank*, *supra*, the funds in the bank to the credit of Warwick were attached, the bank paid the money to Warwick, notwithstanding the attachment, and was held liable therefor. It was said by Mr. Justice Coulter, in delivering the

opinion of the Court: "The first question that occurs is this: Could the bank, if the attachment had been served, have resisted the claim of Warwick to the money he had deposited with them? They received it and the bills as his, entered them on his books as his, and were bound, in the absence of any attachment, to have paid the funds to him. How then were they placed in a better position by the service of the attachment? The attaching creditor stands in the place of Warwick. If they could not allege, as against Warwick, that the funds were not his, neither can they allege against the attaching creditors that they are not his, and yet turn round and pay the money to Warwick to enable him to defeat his creditor."

It is clearly against public policy to permit a bank that has received money from a depositor, credited him therewith upon its books, and thereby entered into an implied contract to honor his check, to allege that the money deposited belonged to some one else. This may be done by an attaching creditor, or by the true owner of the fund, but the bank is estopped by its own act. A departure from this rule might lead to novel results, and embarrass commercial transactions. We are of opinion that the evidence referred to in the first and second assignments was properly rejected.

Judgment affirmed.

MERCANTILE FAILURES IN 1880.

The following statement showing the number of failures and amount of liabilities for the third quarter and for the nine months ended September 30, in 1879 and 1880, has been furnished by Messrs. Dun, Wiman & Co.:

THIRD QUARTER.

<i>States and Territories.</i>	1879.		1880.	
	<i>Number of failures.</i>	<i>Amount of liabilities.</i>	<i>Number of failures.</i>	<i>Amount of liabilities.</i>
Eastern States.....	250	\$ 2,625,925	181	\$ 1,538,205
Middle States.....	430	5,195,446	311	5,763,866
Southern States.....	151	2,736,341	127	848,772
Western States.....	302	3,265,852	237	2,895,326
Pacific States and Territories.	129	1,451,896	123	1,075,253
Total.....	1,262	\$ 15,275,550	970	\$ 12,121,422
Dominion of Canada.....	417	6,998,617	130	1,219,763

NINE MONTHS.

<i>States and Territories.</i>	1879.		1880.	
	<i>Number of failures.</i>	<i>Amount of liabilities.</i>	<i>Number of failures.</i>	<i>Amount of liabilities.</i>
Eastern States ...	785	\$ 14,319,607	550	\$ 5,488,453
Middle States.....	1,829	28,853,339	1,091	22,213,759
Southern States.....	873	13,416,516	564	5,554,724
Western States.....	1,314	16,113,349	856	7,700,458
Pacific States and Territories.	519	8,352,129	415	4,052,791
Total	5,320	\$ 81,054,940	3,476	\$ 45,010,185
Dominion of Canada.....	1,484	24,424,570	779	6,880,611

"The above figures will, no doubt, be accepted as a very satisfactory and gratifying evidence of the generally prosperous condition of the country. During the first nine months of 1879 the liabilities of failures were much less than one-half those of the preceding year, being only \$ 81,000,000 in 1879 as compared with \$ 197,000,000 in 1878, and, as will be seen, the casualties for the past nine months exceeded by little half those of 1879. Should this ratio of improvement continue to be shown during the next three months, the failures for the year will be less, as compared with the number engaged in trade, than at any period since we have undertaken the compilation of these figures."

THE RIGHT OF A BANK TO CANCEL CREDIT GIVEN
FOR DISCOUNTED PAPER.

SUPREME COURT OF PENNSYLVANIA.

Dougherty Bros. & Co. v. Central National Bank.

A bank has an equitable right, analogous to the doctrine of stoppage *in transitu*, over the credit it gives to a borrower (who becomes insolvent) for the proceeds of a note it had discounted for him.

TRUNKEY, J.—Whatever may be the rights of a party, whose debt is due and payable, to compel an insolvent debtor to set off a claim against him not due, a party, whose debt is not due, has no equitable claim to have it set off against a debt of his own, already due, in the hands of a party who is insolvent; *Spaulding v. Backus*, 122 Mass. 553; *Bradley v. Angel*, 3 N. Y. 475; *In re Commercial Bank Corporation of India and the East*, L. R., 1 Ch. App. 538. In the latter case it was said that where there is, on one side, a debt presently due, and on the other a liability which will accrue due at a future day, the debt cannot be set off at law against the liability, nor can it be set off in equity. This is at variance with *Lindsay v. Jackson*, 2 Paige 581, where the defendants, who held notes of the plaintiffs not due, were restrained from negotiating them, to the end that they might be applied as a set-off against a debt then due by the defendants to the plaintiffs. But it is ruled in *Bradley vs. Angel*, *supra*, that one whose debt is not due, has no equitable right to set off against a debt due to him from an insolvent estate, and the decision in *Lindsay against Jackson* is confined in its operation to such facts as constitute its base. A bank has no lien on money standing to the credit of one of its depositors for the amount of a note of such depositor, discounted by the bank, but which has not matured. The purpose is that the customer may draw out at his pleasure the avails of his discount. A debtor in one sum has no lien upon money in his hands for the payment of an unmatured debt owing to him, and a bank is debtor for the discount which is placed to its depositor's credit. If it could retain the money against the note, the discount would be useless to the borrower; *Jordan v. Shoe and Leather Bank*, 74 N. Y. 467; *Fourth National Bank of Chicago v. City National Bank of Grand Rapids*, 68 Ill. 398.

The owner of a debt may assign it for value, and give title as against the debtor, though he holds liabilities of the creditor not yet matured at the time he received notice of the assignment; *Jeffryes v. Agra and Masterman's Bank*, L. R., 2 Eg. 673.

On the foregoing principles the plaintiffs claim that the judgment must be reversed, and so it must, if they apply to the facts of this case. The facts conceded and established by the verdict are as follows: The plaintiffs were bankers at Harrisburg, and had an account with defendant, a bank in Philadelphia. On April 2, 1877, the balance due plaintiffs on that account was \$14,399.63, and they owed to defendant \$15,000 on a note, the proceeds of which had gone into the account. Prior to said date the parties had agreed to a renewal of the note, and the plaintiffs sent a new one for the same sum, payable May 5, 1877, which defendant received, and on the 2d of April sent the original note by mail to the plaintiffs. April 3d the plaintiffs did not open their bank for business, and were insolvent. The defendant, hearing of this, immediately charged the plaintiffs with the original note, credited them with \$85, the discount on the new one, resulting in a balance due defendant, and tendered to the plaintiffs the new note, discount and collaterals.

April 2d, the plaintiffs gave to Weir and Hunter three checks amounting to \$13,300 which were presented to the defendant and payment refused; but it does not appear they were presented, or that defendant had notice of them, till after the said tender and withdrawal of the credit.

The question is, shall the defendant, having discounted the plaintiffs' note and extended their credit for its amount, and upon learning of their insolvency, before payment to, or notice of any checks or assignments by them, having withdrawn the credit and tendered back the consideration, be compelled to pay the money? If so, it would be against everybody's sense of right. The point is not merely one of set-off, whether legal or equitable.

Justice and equity forbid that one man's money shall be applied to the payment of another man's debts. On this is based the right of a vendor to stoppage *in transitu*, which arises solely upon the insolvency of the buyer. Where a vendor has delivered goods out of his possession, into the hands of a carrier for delivery to the buyer, if he discovers that the buyer is insolvent, he may retake the goods, if he can, before they reach the buyer's possession, and thus avoid having his property applied to paying debts due by the buyer to the other people. It was long a mooted question whether the effect of this remedy of the vendor is a rescission of the sale, or a restoration of possession of the goods with the rights of an unpaid vendor; but now it seems the better opinion that the contract is not rescinded. Although this remedy of a vendor, which exists only before actual delivery of the goods into the buyer's possession, cannot be exercised in precisely the same mode by a lender of money or credit, yet for similar cause the lender ought to have as efficient remedy until the money is paid to, or the credit is used, by the borrower. The lender's remedy may have the effect of a rescission of the bargain. Goods can be held subject to a lien for the price agreed upon, and, if disposed of for more or less than that, the buyer may have the gain or suffer the loss; but when a borrower has as little right to the money as a buyer has to the goods, it is impracticable to hold and dispose of the money with like result. Nor is there reason for so holding—the value of the goods may increase or diminish, whereby the buyer may be gainer or loser by his contract—the value of money is fixed. Insolvency takes the pith out of the borrower's promise to pay, and if he has not yet received the money he should not take it. He did not get the credit in view of his bankruptcy.

The consideration so failed that the defendant was warranted in tendering it back, and an equity arises as against the legal plaintiffs, which prevents their enforcement of the contract. To permit them to recover after their note, the foundation of their claim, is proved worthless, would be the grossest injustice. The defendant's agreement to take the renewal note was not wittingly made for an empty promise.

Plaintiffs contend that Hunter and Weir are innocent purchasers for value. In what sense? They asked no information before taking the checks; no paper of any kind was given by defendant, showing that the plaintiffs had the right to draw or assign. Before presentment or notice of the checks, the plaintiffs' insolvency was shown by a notorious act, and their right to draw was immediately denied by defendant. A vendor's right of stoppage *in transitu* is defeasible in one way only, and that is, when the goods are represented by a bill of lading, which is in the vendee's possession with the vendor's assent, and is transferred to a third person who in good faith gives value for it. Here the defendant did nothing to mislead third persons, and the plaintiffs had no writing to assign. The facts reveal no superior equity in the person for whose use action is brought.

We are impelled to the conclusion: 1st. That the defendant had a right to tender back the discounted note and refuse payment to the legal plaintiff; and 2d. That the assignees have no equities superior to the defendant, and there cannot be a recovery for their use.

Judgment affirmed.

MERCUR and STERRETT, JJ., dissent.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. THE PROTEST OF PAST-DUE PAPER.

SANTA FE, N. M., October, 1880.

On the 22d of July last, this bank received from a bank in St. Louis, for collection and return, a promissory note payable at Las Vegas, New Mexico, and falling due July 19th. The same day we forwarded the note to a bank at the place of payment. No special instructions were given to or sent by us with the note. The Las Vegas bank presented the note for payment July 31st, twelve days after its maturity. The maker failed to pay, and the holding bank put the note in hands of notary for protest, charging us the fee. We credited the fee to the Las Vegas bank, advising them that if the St. Louis bank objected, we should charge back the amount, as we did not consider protest necessary. The St. Louis bank, holding the same view, declined to pay the fee, and we then charged it back to the Las Vegas bank. The latter claims that it was right in protesting, and insists upon payment. Which is right?

REPLY.—The generally-accepted rule has always been that protest fees can not be charged unless a protest is legally necessary to hold some party to the protested paper; and foreign bills of exchange alone require protest. Mr. Daniel, in his work on *Negotiable Instruments*, suggests the only modification to this rule which we have seen. He thinks that where there is some party to the paper to be held, who is entitled to demand and notice, a notarial protest is a method of proving demand and notice, which is, at once, so convenient for all parties, and so customary under modern methods of doing business, that the expense of making it ought to be allowed. It is not stated in the inquiry whether there were any indorsers upon the note in question, but it is obvious that a protest was useless to hold them, for they had been discharged from all liability before the note was received by the Las Vegas bank. Protest was therefore unnecessary under any circumstances. The Las Vegas bank, as an agent for collection, had a right to charge to the Santa Fe bank only those expenses which were reasonably and necessarily incurred in endeavoring to make the collection. We think the protest in this case was clearly unnecessary and that the position of the Santa Fe bank is the correct one.

II.—INTEREST ON DAYS OF GRACE.

I notice in your answers to correspondents that in regard to interest upon a note of which the maker tendered payment on the day of its maturity, without taking the grace allowed by law, you decide the holder to have been right in demanding interest for the three days.

Now, although there may be no decision upon this point, I am inclined to a different view. It appears to me that the allowance of grace was made for the benefit of the maker of the note and not for the holder, as he is not benefited by it. And, therefore, if the maker has his right to the allowance of the three days after the note matures, he has, in my opinion a perfect right to demand his note, and cannot properly be subjected to the delay of the three days, or compelled to pay interest therefor.

REPLY.—The opinion advanced by our esteemed correspondent would seem, at first glance, to be well founded. But the idea of *favor* with regard to days of grace has been abandoned and the note is not *due* in fact or in law, until the last day of grace. The maker had no more right to tender when he did than on any previous day while the note was running.

The Supreme Court of Connecticut, in *Savings Bank of New Haven v. Bates*, held that, "It is not the right of the maker of a promissory note to pay it before maturity. Such a note, payable by the terms of it in sixty days, is in law a note payable in sixty-three days. The days of grace make a part of the original contract."

In *Bank of Washington v. Triplett* (1 Peters 31), the Supreme Court of the United States say: "The allowance of days of grace is a usage which pervades the whole commercial world. It is now universally understood to enter into every bill or note of a commercial character, and to form so completely a part of the contract that the bill does not become due in fact, or in law, on the day mentioned on its face, but on the last day of grace."

III.—IRREGULAR INDORSEMENTS—STAMPED SIGNATURES.

The following check was sent to a Detroit bank, with no other indorsement, for collection. The Detroit bank forwards it to the Third National for payment, with subsequent indorsement of Detroit Bank for collection.

\$ 100.

..... Mich., Oct., 1880.

THIRD NATIONAL BANK.

Pay to the order of John Doe

One Hundred Dollars.

(Signed)

RICHARD ROE.

(Indorsed)

JOHN DOE.

Then a *stamp* indorsement and *signature stamped*

"Credit Corn Exchange Bank, New York."

N. A. WILLIAMS, *Cash'r.*

1. The inquiry is: Should the Third National Bank *credit* the Corn Exchange Bank, or pay whoever presented the check afterwards, either by letter or in person.

2. Is a *printed* or *stamped* signature of a bank official good in law?

REPLY.—1. The check was indorsed generally by John Doe, and, by virtue of that indorsement, became payable to bearer. Its negotiability is not affected by the subsequent indorsements. The indorsement of the Corn Exchange Bank, in this form, was probably an inadvertence, and its legal effect is possibly the same as an indorsement "for collection," to give notice that the check is really the property of the Corn Exchange Bank, and that subsequent holders are only agents of the Corn Exchange Bank for collection and transmission of the proceeds of the check. This is of no consequence to the Third National Bank, however, which is authorized to pay the check to any bearer. *Daniel on Neg. Insts.* § 696.

2. It is. The inquirer will find a discussion of a similar question in our last April number, p. 816.

IV.—CHECKS ON AN INDIVIDUAL PAYABLE AFTER DATE.

—, N. Y., Oct., 1880.

Is a check payable a number of days after date drawn on an individual doing a banking business under the name of (say) "John Doe, Banker," entitled to days of grace, and should it be protested for non-payment?

REPLY.—In spite of some conflicting decisions, the rule of the law merchant may be said to be, that an instrument of this kind is not within the strict definition of a check, because not payable immediately, and is, therefore, entitled to days of grace. *Daniel on Neg. Insts.*, §1,573; *Morse on Banking*, 261. And this is the law of New York, except so far as it is modified by the Act of 1857, §2. This statute provides that "All checks, bills of exchange or drafts, appearing on their face to have been drawn upon any bank, or upon any banking association or individual banker carrying on banking business under the act to authorize the business of banking, which are on their face payable in any number of days after the date . . . thereof, shall be deemed due and payable on the day mentioned for the payment of the same, without any days of grace," etc., etc.

Whether the paper is affected by the statute and entitled to grace by virtue thereof, in our opinion, depends not upon whether "John Doe, Banker," is actually an "individual banker carrying on banking business under the act, etc.," but upon whether, on the *face* of the paper, he appears to be, "an individual banker" so carrying on business. The question, therefore, is, whether the word "Banker" sufficiently designates such a person. We think it does not; and that the instrument, not being affected by the statute, comes within the general rule and is entitled to days of grace. The statute was passed to settle a question, which had been much disputed before its passage, and was intended to apply to drafts drawn upon banks; and, as the State banking laws give individuals certain especial banking privileges, when carrying on their business in accordance with the requirements of those laws, such individual bankers were probably included in the statute with banks and banking associations. The banking business, however, may be, and is extensively, carried on by individuals, as any other private business may be, without reference to the State banking laws, and persons so carrying on business are as properly called bankers as they would be if they had complied with the requirements of the laws above referred to. The statute, being in contravention of the general law should be construed strictly, and, as the word "Banker" does not necessarily mean "an individual carrying on banking business under the Act, etc.," it cannot be said that this draft "appears upon its face" to be drawn upon such a banker.

As to protest, we understand the inquirer means to ask whether protest by a notary is legally necessary to hold the drawer. Upon this point our opinion is that protest is not necessary unless the instrument were drawn at a place out of New York. We regard it as a bill of exchange and not a check, and the rule is, that only foreign bills require protest by a notary. Of course the drawer is legally entitled to immediate notice of dishonor.

V.—COLLECTIONS SENT TO A FAILING BANK.

Under the decision of the New York Court of Appeals, published in your April, 1880, number, in regard to out-of-town collections of the Bank of Lowville, would you regard us liable for the collection as stated below, viz :

A bank located some ten miles from here keeps an account with us. It is the only bank in the town, and back from the railroad, without express facilities.

We receive for collection a note of \$125, payable at that bank. Note is sent forward and due the 19th, paid and credited to our account, but not advised, and at the time of credit the bank was owing this bank. On the 20th the bank suspends payment and we are unable to secure payment from them for the note of \$125, or the amount they owed us before the credit of same. The bank did not keep any New York account, paying all collections by drafts on this bank, and for several days before the 20th we had been protesting their drafts given for collections.

According to the Court of Appeals, by pursuing the ordinary method of sending the note forward direct by mail to the bank where it was made payable, we did not make that bank our agent so as to become responsible for its failure.

This decision is contrary to what I have always believed, and I therefore submit the above case for your opinion.

REPLY.—Assuming that there were no indorsers on the note of \$125, and that it was not forwarded after the sending bank had begun to refuse to pay the failing bank's drafts, or to have knowledge of the insolvent condition of that bank, the case seems precisely like the case of *Indig v. City Bank of Brooklyn*, above referred to. The inquiry comes from Pennsylvania, and independently of the question as to the authority which would be accorded to the decision in that State, we understand from *Morse on Banking*, that the law of Pennsylvania, as long established, agrees with *Indig v. City Bank of Brooklyn*. That case appears to have materially qualified the rule, supposed to be well settled in New York, that a bank, in making collections, is responsible for the solvency of its sub-agents; and though the Court recognizes the existence of the rule, it withdraws that case from the operation of the rule by the use of a fine distinction. The question of the responsibility of a bank in such cases is one upon which the decisions are conflicting. The Courts of a majority of the States hold a different view from that which has always prevailed in New York. Our correspondent will find a statement of the different views on the subject in our number of July, 1878, p. 63.

THE OCEAN MAIL SERVICE.—From tables prepared for the forthcoming annual report of the Postmaster-General it appears that the total amount paid for conveying the United States mails by sea during the fiscal year ended June 30 last, was \$196,684, of which amount, \$153,908 was paid for the trans-Atlantic mail service, \$12,627 for the carriage of the trans-Pacific mails and \$30,149 to miscellaneous steamship lines conveying United States mails to the West Indies, Mexico, and South America. The money disbursed for the transportation of our mails to Europe was all paid to foreign steamship companies except \$1,964 earned in sea postages by the American line from Philadelphia. The steamships of this line made only thirty-three trips during the fiscal year; and the mails from Philadelphia were comparatively light. The largest amounts paid by the Department were to the Guion, Cunard, Hamburg, and North German steamship companies.

THE CUSTOM HOUSE VALUATION OF FOREIGN COINS.

On October 19th a case was brought to trial in this city in the United States Circuit Court before Judge Shipman and a jury. The case relates to the valuation of foreign silver coins having been transferred from the Treasury Department, and is of considerable moment to importers.

The facts of the case are as follows: The depreciation in the value of silver in 1878 and 1879 was disregarded by the Treasury Department in its instructions to collectors of customs, and no substantial change was made in its estimate of foreign silver coins, although the latter were purchased at the mint at only their actual bullion value. Thus, after the passage of the silver bill, the Mexican dollar, which is the currency in which invoices from China are usually made out, was valued by comparing it with United States silver dollars of 412½ grains. If it had been valued, however, by comparison with the gold dollar, the result would have been much less in American dollars. Importers, therefore, bringing goods from countries whose currency is silver insisted that the Government should convert their invoices into American gold dollars, which was also the basis upon which, through drafts on London, the merchandise was paid for. Besides, they contended there was only one "unit of value" for international and commercial purposes in this country, and this was the gold dollar. This dispute involved a difference of about fifteen per cent. of the dutiable value of invoices in silver currency. The Government, in 1879, fixed 101.5 as the value, for instance, of the Mexican dollar, instead of about 86 cents, its actual value.

After the matter had been pressed before the Treasury authorities for some months, by the lawyers employed by the merchants, the Director of the Mint came to the conclusion that they were right, and in January of the present year he changed all the public estimates of foreign silver coins, fixing them at their actual value.

The present suit is entitled *Hadden against the Collector*, and is a test one and will control many other cases involving large amounts. General H. E. Tremaine, M. N. Tyler and W. B. Coughtry appeared for the importers, and Assistant District-Attorney Herrick and Butler for the Government. In his opening argument in behalf of the importers, General Tremaine insisted that the law compelled the Treasury Department to estimate the value of foreign silver coins according to the value in gold dollars of the pure metal in such coins of standard value, and that he had not only compelled the Department to adopt this course, but that the same rule must be applied uniformly in all proper cases occurring since the depreciation of silver. Either the Government was right in 1879 and wrong in 1880, or else right in 1880 and wrong in 1879. If wrong in 1880 the Custom House is not collecting all the lawful duty. If wrong in 1879 the unlawful duties should be refunded.

It is claimed that merely making silver dollars an unlimited legal tender does not dispense with the gold dollar as the unit of value; and without free and unlimited coinage for both metals no nation can claim to have a double standard; that since the demonetization of silver in 1873 silver has not been remonetized in the United States, so far as to dispense with its measurement of value in gold in conducting the foreign commerce of the country, and that until some appropriate silver bill shall have been passed by Congress the United States is not a bi-metallic nation. In the absence of a legal ratio between gold and silver the market price of silver must be measured in gold.

The Government, on the other hand, contends that the importers and the Court must abide by the Treasury estimates, and that the suits must be dismissed, to which the importers reply that if the estimates are unlawful they are not final.

General Tremaine devoted a great deal of his argument toward demonstrating that the more recent action of Director of the Mint Burchard was the sound and true one, not only legally but scientifically, and extracts were read from the Congressional debates, the Silver Commission reports, the writings of publicists and from the private opinions of eminent professors of political economy.

The suit was brought to a close on the following day. At the opening of Court General Tremaine, counsel for the importer, requested the Court to direct a verdict for the plaintiff, on the ground that the evidence disclosed that the value of the Mexican dollar in the year 1879 was eighty-five cents, instead of \$1.01½, as calculated by the Treasury Department. Mr. Butler, on behalf of the Collector, contended that whatever might be the effect of the evidence, it was immaterial, as the Court and all persons were bound by the estimated value put upon the Mexican dollar by the Director of the Mint in pursuance of law, and, in the absence of fraud, the Court could not inquire into the method or means by which he arrived at such value.

Judge Shipman stated that as the Director of the Mint was directed by law to make the estimate of the value of foreign coins, and as he had estimated the value of the Mexican dollar in this case, and as it was not alleged that he had been actuated by any fraudulent motive in estimating the value at 101½ cents, such estimate was final, and he therefore directed the jury to find a verdict for the defendant.

EXCLUSION OF CHINESE LABOR.—South Australia has become greatly alarmed on the subject of the increase of the Chinese element in the population, as may be judged from the provisions of an "Act to Regulate and Restrict Chinese Immigration," passed on the 4th of August:

Whereas it is expedient to regulate the immigration of Chinese into the colony, and to obtain security for the payment of any expenses that may be incurred in respect of such immigrants, and of any fines or penalties imposed upon them. The master of every vessel having Chinese on board shall immediately on his arrival from beyond the colony, and before making any entry at the customs, deliver to the principal officer of customs a list of such Chinese, specifying the name, the place of birth, the apparent age, the ordinary place of residence, the place and date of shipment, and the calling or occupation of each such Chinese. And for each default herein such master shall be liable to a penalty not exceeding £200. If any vessel shall arrive in any port in the said province, having on board a greater number of Chinese passengers, for any port in the said province, than in the proportion of one to every ten tons of the tonnage of such vessel, the owner, charterer, or master of such vessel shall be liable, on conviction, to a penalty not exceeding £10 for each Chinese passenger so carried in excess. Before any Chinese arriving from beyond the colony shall be permitted to land from any vessel, and before making any entry at the customs, the master of the vessel shall pay to such collector, or other principal officer, the sum of £10 for every such Chinese. And if any master shall land or permit to land any Chinese at any place in the colony before such sum shall have been paid for or by him, such master shall be liable, for every such offence, to a penalty not exceeding £20. And in every such case, in addition to any such penalty, the vessel shall be forfeited and may be seized. Every Chinese arriving in the colony after the passing of this Act, otherwise than by any vessel, shall pay to some officer whom the Governor may appoint, a like sum of £10.—*London Economist.*

BANKING AND FINANCIAL ITEMS.

THE TREASURY DEPARTMENT held on October 23d, \$359,472,950 in United States bonds to secure bank circulation. The U. S. bonds deposited for circulation during the week ending October 23, amounted to \$1,550,000. The bonds held for circulation withdrawn during the week were \$2,012,500. The National bank circulation outstanding was then as follows: Currency notes, \$342,654,033; gold notes, \$1,322,385. The receipts of National bank notes for redemption for the same week, as compared with the corresponding period of last year, were as follows:

	1879.	1880.
New York.....	\$209,000	\$233,000
Boston.....	231,000	107,000
Philadelphia.....	17,000	85,000
Miscellaneous.....	341,000	453,000
Total.....	\$798,000	\$878,000

INDORSEMENT OF TREASURY DRAFTS.—The First Comptroller of the Treasury has rendered an opinion in the matter of indorsement of Treasury drafts, in which he holds—first, that joint owners of a draft who are not partners are within the regulations which authorize the payment of such draft on the indorsement of one of the payees; second, that when a draft is issued to a partnership-firm by name, and all the partners subsequently and successively die intestate, the administrator of the last surviving partner has the legal title in and is authorized to indorse the draft; third, that he will in such case be required to show by proper evidence (1) who were all the members of the firm, (2) their death, (3) that the last survivor died intestate, and (4) who the administrator is; fourth, that if the last survivor die intestate his executor can indorse.

DIVIDENDS.—The Comptroller of the Currency has declared dividends in favor of the creditors of the following named National banks:

	Dividends per cent.	Total Dividends.
First National Bank of Duluth, Minn.....	10	100
" " " Meadville, Pa.....	15	65
" " " Newark, N. J.....	10	80
National Bank of the State of Missouri, St. Louis....	10	90
Fishkill National Bank, of Fishkill, N. Y.....	10	85
First National Bank, of Butler, Pa.....	15	30

GOLD AND SILVER COIN.—A carefully-prepared estimate of the amount of United States gold and silver coin in the country, October 1, has been made by the Director of the Mint, Mr. Burchard. This estimate will be embodied in his forthcoming annual report, providing no material change occurs before the first of November, in which case the amount of coin in the United States at that time will be estimated for use in the report. The estimate is based upon the respective amounts in the country June 30, 1879, and shows an increase since that date of \$83,390,305 in gold coin, and \$37,748,350 in silver coin. This increase is said to be from actual coinage and not import of United States coin. The total amounts estimated as in the country are \$369,881,003 gold and \$149,799,335 silver. Of these amounts are \$67,204,293 gold in the Treasury, and \$302,676,709 in circulation, or held by banks; and \$72,454,600 silver in the Treasury and \$77,344,735 in circulation. In addition the Treasury holds \$68,040,540 gold bullion and \$5,557,759 silver bullion, which the mints are turning into coin as rapidly as the facilities will admit. This is a larger amount of specie than has ever before been in the country. The increase of gold bullion is from imports of foreign gold during the past year.

NEW YORK CLEARING HOUSE.—At the annual meeting of the New York Clearing-House Association the following officers for the ensuing year were chosen :

Chairman, Henry F. Vail ; secretary, M. F. Reading ; manager, William A. Camp.

Clearing-House Committee—Jacob D. Vermilye, Charles F. Hunter, George Montague, William Dowd, E. H. Perkins, Jr.

Nominating Committee—Robert Buck, Francis Leland, Robert Bayles, Amos H. Trowbridge, John D. Fish.

Conference Committee—Sylvester R. Comstock, Washington A. Rall, William A. Wheelock, Philo C. Calhoun, George G. Williams.

Committee on Admissions—George W. Perkins, Allen S. Apgar, George M. Hard, W. A. Nash, N. F. Palmer.

Arbitration Committee—William A. Booth, Henry W. Ford, John Parker, Benj. B. Sherman, John S. Harberger.

The Association consists of fifty-eight members, including the Assistant Treasurer of the United States at New York. The total transactions, for the fiscal year ending October 1, 1880, amount to \$38,698,667,252.38, it being the largest amount for any one year since the organization of the Clearing House. The largest transaction for any one day was on the 3d of November last, amounting to \$202,558,252.11. The average transactions per day for the year were \$126,466,232.85. The largest balance was \$11,208,025.20, on the 13th of November last. Of this amount \$8,300,000 was paid in gold coin (about 15½ tons weight). Total transactions since its organization (27 years), \$574,849,719,103.

The total amounts received for the year were :

Gold coin.....	\$340,538,000
Gold coin certificates.....	1,056,462,000
United States Clearing-House certificates.....	34,260,000
Legal tenders.....	85,218,000

ILLINOIS.—The statement of Cook county, for the fiscal year ending September 1, gives the following regarding the funded debt of that county :

Kind of bonds.	Date of issue.	Date of maturity.	Amount.
7-per-cent. war bonds.....	1865 ..	1885 ..	\$958,000
7-per-cent. war bonds.....	1865 ..	1890 ..	342,000
4½-per-cent. refunding bonds.....	1880 ..	1900 ..	1,153,500
7-per-cent. public building bonds.....	1869 ..	1889 ..	250,000
7-per-cent. fire bonds.....	1872 ..	1892 ..	1,439,000
9-per-cent. Graceland Cemetery.....	1872 ..	1892 ..	33,000
7-per-cent. " ".....	1872 ..	1892 ..	11,000
5-per-cent. Court-House bonds.....	1870 ..	1899 ..	300,000
7-per-cent. " ".....	1879 ..	1899 ..	300,000
Total bonded debt.....			\$4,791,500
Court-House bonds authorized but not yet issued.....			150,000

The wheat crop of Illinois this year was 56,508,309 bushels, against 44,893,830 bushels last year.

MASSACHUSETTS SAVINGS BANKS.—*The Dorchester Savings Bank.*—On the 1st of October the receivers of this institution commenced paying a fifth and final dividend to depositors of 17.65 per cent. It was placed in the hands of receivers March 1, 1878, with \$398,088.66 of deposits. Four dividends, two of twenty-five per cent. each, and two of twelve and a half per cent. each, had previously been declared, making 92.65 per cent. in all, and amounting to \$368,829.12. The losses on mortgages were \$10,860.30 ; on real estate owned by the bank and acquired by the receivers, \$39,157.14 ; personal loans, \$348.72 ; city and town loans, \$665.01 ; railroad bonds, \$1,952.62 ; total, \$52,983.99. The expenses, taxes, etc., amounted to \$16,962.82, as much as it would have cost to operate the bank six years in a normal condition. The losses were met from the surplus and guaranty fund to the extent of \$13,035.61, \$27,651.66 came from interest, rents, etc., collected by the re-

ceivers, leaving a net loss of deposits proper amounting to \$29,259.54, or only 7.35 per cent. The liquidation has on the whole resulted very favorably to the depositors, eighty-six per cent. being the highest dividend hitherto paid by any insolvent Savings bank in Massachusetts.

The other embarrassed Savings banks are gradually recovering.

The Great Barrington Savings Bank, which was enjoined March 31, 1879, resumed in April last, the injunction being dissolved April 7.

The Lowell Five Cents Savings Bank, which was enjoined June 20, 1879, was released from the injunction October 1, 1880, and resumed payment October 4.

A BOSTON DEFALCATION.—John A. Woodward, who for fifteen years had been in the service of the Treasury Department of Boston, holding during the last few years the position of Cashier, is alleged to be a defaulter to the amount of \$88,000. Woodward disappeared about October 15th. He stood well socially, and was not known to be a speculator, or extravagant in his expenditures.

MINNESOTA.—In 1877 the Legislature passed a law authorizing town or city officers to issue bonds in aid of railroads upon a petition signed by a majority of taxpayers. Under this law bonds to the amount of several hundred thousand dollars have been issued by towns in Goodhue, Wabasha, and other counties, in aid of the construction of the Plainview branch, Chatfield branch, and other branches of the Chicago and Northwestern Railroad. These bonds have been negotiated, and are now in the hands of investors. The Supreme Court of the State has recently decided that they are invalid, inasmuch as the constitution of Minnesota requires that their issue should be sanctioned by a popular vote.

ST. LOUIS.—The following aggregate statement of the twenty-five banks in St. Louis on the 1st of October, 1880, compared with the statement of the 3d of July, 1880, has been compiled, unofficially, by E. Chase, Manager Clearing House.

	<i>3d July.</i>		<i>1st October.</i>
Capital and surplus.....	\$ 17,001,285	..	\$ 11,230,899
Savings and time deposits.....	6,041,313	..	6,668,185
Current deposits.....	30,702,892	..	29,733,963
Circulation.....	764,390	..	770,090
<i>Liabilities</i>	\$ 48,509,880	..	\$ 48,403,137
Bonds to secure circulation.....	860,000	..	860,000
Good loans and bonds.....	30,405,821	..	31,164,217
Cash and exchange.....	15,985,484	..	15,233,286
Real estate and other assets.....	1,198,575	..	1,145,634
<i>Assets</i>	\$ 48,509,880	..	\$ 48,403,137

VERMONT.—The deposits in the Savings Banks of Vermont on July 1, 1880, are reported as \$9,075,314; an increase of nearly one million dollars during the past year. Since 1878 they have paid a tax of one-half of one per cent., yielding this year \$50,126. Of the deposits, \$2,723,193 belong to non-residents and \$6,347,130 to residents. The number of depositors was 34,869—being an increase of 2,214.

MONTREAL.—The annual meeting of the shareholders of Molson's Bank was held on October 11. The financial statement showed the profits of the year to be \$211,056. After paying a dividend of six per cent. per annum and making ample provision for bad and doubtful debts, \$40,000 were carried to the rest account. The old board of Directors was re-elected.

The new Canadian protective tariff came into operation July 1, 1879, but did not in the first months produce much increase of revenue, as the importations had been previously hurried in order to escape the higher duties. But the new tariff is now yielding more than its warmest advocates predicted that it would.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from October No., page 312.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEW YORK	CITY. Manhattan Co. Bank, William Henry Smith, <i>Pr.</i>	J. S. Harberger.*	
KY.....	Bank of Woodford, Versailles.. D. P. Robb, <i>Cas.</i>	E. K. Thornton.	
MASS....	Nat'l Exchange Bank, Boston.. J. S. Learoyd, <i>Cas.</i>	J. M. Pettengill.	
" ..	Pacific National Bank, Boston. J. M. Pettengill, <i>Cas.</i>	F. J. Chick.	
" ..	Nat'l Union Bank, Fall River.. Daniel Wilbur, <i>Pr.</i>	C. Borden.	
" ..	First Nat'l Bank, Northampton. Fred'k N. Kneeland, <i>Cas.</i>	H. Roberts.*	
" ..	First Nat'l B'k, So. Weymouth. J. H. Stetson, <i>Cas.</i>	B. F. White.	
MICH...	First National Bank, Hillsdale. Charles N. Waldron, <i>Pr.</i>	H. Waldron.*	
N. J....	Bloomsbury National Bank.... Louis Anderson, <i>Cas.</i>	J. F. Woodruff.	
N. Y. ..	Bank of Buffalo..... Josiah Jewett, <i>V. P.</i>	G. B. Gates.*	
" ..	Black River Nat'l B'k, Lowville. Charles P. Leonard, <i>Pr.</i>	D. W. C. West.	
OHIO...	Madison National B'k, London. B. F. Clark, <i>Cas.</i>	H. Toland.	
PENN...	Second National Bank, { Thomas L. Foster, <i>Pr.</i> ... C. Albright.		
" ..	Mauch Chunk { James M. Dreisbach, <i>Cas.</i> T. L. Foster.		
" ..	Argyle Savings Bank, Petrolia. Edgar A. Taylor, <i>Cas.</i>	E. G. Taylor.	
" ..	Citizens' Nat'l Bank, Towanda. George W. Buck, <i>Cas.</i>	G. A. Guernsey.	
" ..	Wyoming N. B., Wilkes-Barre. Charles Dorrance, Jr. <i>Cas.</i>	L. W. Jones.	

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from October No., page 312.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
DAKOTA	Bridgewater....	J. B. Nation.....	First National Bank, <i>Chicago.</i>
ILL....	Raymond.....	John Greene.....	Fourth Nat'l B'k, <i>St. Louis</i>
IOWA...	Farmington ...	L. Holland.....	Valley Nat'l Bank, <i>St. Louis</i>
" ..	Randolph.....	Spencer Brothers.....	Union National Bank, <i>Chicago</i>
KANSAS.	Augusta.....	John Reid.....	Gilman, Son & Co.
" ..	Cherry Vale... Exchange Bank.....		Valley Nat'l Bank, <i>St. Louis</i>
" ..	Delphos.....	B'k of Delphos (Frank M. Sexton)	Corbin Banking Co.
MICH...	Belding.....	Leonard & Divine.....	Merchants' Nat'l Bank, <i>Chicago.</i>
MINN...	Delano.....	Wright Co. B'k, (Dittmann & Roosen)	First N. B., <i>St. Paul</i>
" ..	Herman.....	B'k of Herman (C.F. Wash burn & Co.)	Imp. & Tra. N. B.
" ..	Le Roy.....	D. C. Corbett & Co.....	Gilman, Son & Co.
" ..	Mabel.....	Fillmore Co. B. (E.A. Abry & Co.)	First Nat'l Bank, <i>Chicago.</i>
" ..	Sauk Centre... Bank of Sauk Centre.....		Amer. Exch. Nat'l Bank.
" ..	St. Paul.....	Sol. Pendergast, <i>Pr.</i> Lucas Kells, <i>Cas.</i>	Merchants' Nat'l Bank.
" ..	\$100,000	Lathrop E. Reed, <i>Pr.</i> William D. Kirk, <i>Cas.</i>	
PENN...	Du Bois.....	Du Bois Deposit Bank....	B. K. Jamison & Co., <i>Phila</i>
" ..		William McBryar, <i>Pr.</i> William C. Bovard, <i>Cas.</i>	

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from October No., page 313.)

- NEW YORK CITY..... Ewen & Osborne; assigned to C. Godfrey Patterson.
- ILL.... Batavia..... Coffin & Young; succeeded by Gammon & Newton.
 * .. Mount Carmel.. Shannon & Beall; now E. F. Beall. T. J. Shannon
 deceased.
- IOWA... Ida Grove..... Maple Valley Bank; succeeded by Baxter & Rule.
- KANSAS. Wellington..... Sumner County Bank; sold to J. E. Neal & Son, of the
 Wellington Bank.
- MASS... Boston..... Richardson, Hill & Co.; admit Frank E. James and
 George A. Farlow.
- MICH... Belding..... W. N. Pettee & Co.; discontinued. W. N. Pettee, deceased.
- N. Y.... Rondout..... First National Bank; now Rondout Bank. Same capital.
- OHIO... Niles..... Citizens' Sav. & Loan Asso.; now A. G. Bentley & Co.
- PENN... Philadelphia... John Moss, Jr.; reported suspended.
 * .. Canton..... Samuel Doane & Son; now Bank of Canton. Geo. A.
 Guernsey, *Pr.*
- TEXAS. Richmond..... T. R. Beard; deceased. Business continued under same
 style by Mrs. Beard.
- * .. Whitney..... Killough & Porter; now Porter, Caruthers & Co.
- Wis.... Clinton..... J. F. Cleghorn; reported suspended.

OBITUARY.

The Hon. AARON CLAFLIN MAYHEW, one of the most prominent citizens of Milford, Massachusetts, died on Sunday, September 26th. Mr. Mayhew had been State senator for two terms, representative for two years, a member of Governor Banks' council and Presidential elector in 1872. His age was sixty-eight. At the time of his death he was President of the American Trust Company of Boston, and also President of the Milford National Bank.

JOHN S. HARBERGER, President of the Manhattan Company, died suddenly on October 9th, after a week's illness, at his country house at Plainfield, N. J. Mr. Harberger was born in Philadelphia and was about sixty-two years old. When a young man he removed to this city and became a clerk in the old United States Bank, where were also clerks James M. Morrison, formerly President of the Manhattan Company, and Henry F. Vail, now President of the Bank of Commerce. Mr. Harberger entered the service of the Manhattan Company nearly forty years ago. He was promoted to be assistant cashier in 1857, and three years later he became cashier. He was elected president of the bank in October, 1879, upon the resignation of Mr. Morrison, who had held the position for twenty years. Mr. Harberger was a careful financier and a man of sterling qualities.

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, 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	\$196,102
New Hampshire..	632,865	72,997	55,800	128,797	32,376
Vermont.....	1,798,310	184,597	1,148,240	1,332,837	189,006
Massachusetts.....	20,760,150	234,800	8,262,300	8,497,100	1,724,457
Rhode Island.....	1,810,320	32,350	954,985	987,335	201,409
Connecticut.....	2,495,360	65,350	2,226,330	2,291,680	757,171
New York.....	20,857,845	2,182,878	25,311,181	27,494,059	6,502,647
New Jersey.....	1,712,665	241,660	1,562,280	1,803,940	313,288
Pennsylvania.....	10,979,040	1,294,226	7,162,321	8,456,547	1,760,033
Delaware.....	232,275	—	—	—	—
Maryland.....	1,302,310	166,600	1,646,380	1,812,980	30,277
Dist. of Columbia.	456,500	422,664	458,060	880,724	48,659
Virginia.....	800,500	915,369	907,510	1,822,879	246,256
West Virginia.....	226,810	731,060	355,185	1,086,245	167,214
North Carolina...	1,235,660	128,200	1,012,585	1,140,785	143,020
South Carolina....	90,700	—	953,380	953,380	21,741
Georgia.....	520,350	287,725	437,675	725,400	78,297
Florida.....	72,000	—	—	—	—
Alabama.....	207,000	90,000	139,500	229,500	94,405
Mississippi.....	—	—	—	—	291
Louisiana.....	1,285,110	650,750	2,099,250	2,750,000	131,168
Texas.....	368,100	29,800	229,340	259,140	18,480
Arkansas.....	171,000	—	171,000	171,000	26,290
Kentucky.....	3,811,430	629,867	1,504,933	2,134,800	365,481
Tennessee.....	647,170	370,401	533,859	904,260	167,114
Missouri.....	767,260	998,510	3,742,390	4,740,900	726,864
Ohio.....	3,132,480	1,583,754	3,077,887	4,661,641	896,410
Indiana.....	3,239,380	1,235,897	6,388,483	7,624,380	2,021,322
Illinois.....	2,545,365	1,769,434	6,605,446	8,374,880	1,010,284
Michigan.....	2,075,410	409,500	2,449,975	2,859,475	671,266
Wisconsin.....	780,530	653,860	1,013,439	1,667,299	404,861
Iowa.....	1,533,400	813,669	1,599,955	2,413,624	425,087
Minnesota.....	1,017,800	420,095	1,748,445	2,168,540	646,035
Kansas.....	147,600	781,721	190,550	972,271	222,176
Nebraska.....	67,500	45,000	233,080	278,080	43,490
Nevada.....	36,000	—	—	—	1,888
Colorado.....	572,400	138,083	149,400	287,483	20,502
Utah.....	134,900	161,191	196,800	357,991	16,993
Montana.....	129,600	91,800	45,000	136,800	40,953
Wyoming.....	3,600	—	—	—	—
Washington.....	135,000	—	—	—	—
New Mexico.....	90,000	—	—	—	—
Dakota.....	175,500	—	—	—	—
California.....	732,600	—	—	—	—
Totals.....	\$91,250,975	\$18,150,808	\$85,172,944		\$20,363,283
Legal-tender notes deposited prior to June 20, 1874, and remaining at that date.....				3,813,675	
Total deposits.....				\$107,137,427	

JOHN JAY KNOX, *Comptroller of the Currency.*

NATIONAL BANKS OF NEW YORK CITY.

October, 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 Friday, October 1, 1880, and also on October 2, 1879, and October 1, 1878.

RESOURCES.	1880. Oct. 1, 47 banks.	1879. Oct. 2, 47 banks.	1878. Oct. 1, 47 banks.
Loans and discounts	\$ 238,428,500	\$ 195,976,975	\$ 169,716,953
Overdrafts	66,824	—	—
U. S. bonds to secure circulation	21,170,500	25,745,500	24,195,500
U. S. bonds to secure deposits...	820,000	4,671,650	26,715,550
U. S. bonds on hand	7,011,450	10,140,900	11,463,900
Other stocks, bonds & mortgages	10,420,603	8,843,712	9,193,663
Due from other National banks..	14,191,524	10,957,673	11,365,999
Due from State banks & bankers	3,010,707	2,245,184	2,981,296
Real estate, furniture & fixtures.	10,048,430	9,883,678	9,465,819
Current expenses and taxes paid	1,045,084	953,465	995,332
Premiums paid.....	750,762	827,971	1,767,166
Checks and other cash items ...	2,444,390	1,969,659	1,765,187
Exchanges for Clearing House..	94,520,215	93,487,351	62,454,791
Bills of other National banks....	1,534,823	1,467,887	1,560,623
Fractional currency	48,387	55,672	67,702
Specie :			
Gold coin.....	15,729,858	—	—
Silver coin.....	374,997	—	—
U. S. gold certificates	6,399,460	19,349,867	13,294,602
U. S. silver certificates	1,090,240	—	—
C. H. gold certificates	36,189	—	—
Legal-tender notes.....	9,726,363	19,738,584	14,893,468
U. S. certif. of dep. legal-tenders.	1,310,000	12,900,000	21,660,000
Five-per-cent. Redemption fund	940,537	—	—
Due from U. S. Treasurer.....	411,383	1,624,370	1,221,207
	<hr/>	<hr/>	<hr/>
	\$ 477,684,044	\$ 420,840,104	\$ 384,778,766
 LIABILITIES.			
Capital stock paid in.....	\$ 50,650,000	\$ 50,750,000	\$ 53,800,000
Surplus fund.....	18,185,383	16,006,434	15,920,230
Other undivided profits	10,396,427	9,096,919	8,659,800
National bank notes outstanding	18,594,918	22,328,624	20,025,861
State bank notes outstanding ...	47,482	53,251	73,339
Dividends unpaid.....	188,701	202,726	190,704
Individual deposits.....	242,044,721	213,354,222	172,441,668
United States deposits	276,099	3,877,135	26,090,296
Deposits of U. S. disburs'g officers	132,117	157,193	131,225
Due to other National banks ...	105,933,843	81,915,319	68,125,941
Due to State banks and bankers	31,234,349	23,098,278	19,311,699
Bills payable.....	—	—	8,000
	<hr/>	<hr/>	<hr/>
	\$ 477,684,044	\$ 420,840,104	\$ 384,778,766

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, 1880.	Dividend			Stock Quot.	
		Oct., 1879.	April, 1880.	Oct., 1880.	April, 1880.	Sept. 29, 1880.
Atlantic National	\$ 750,000	4	4	4	147	151
Atlas National	1,500,000	2½	3	3	125	125
Blackstone National	1,500,000	2	2	2½	111	110
Blue Hill National	200,000	0	3½	3	104	104
Boston National	1,000,000	0	3	3	110	112
Boston (old) National	900,000	2	3	2	64	63
Boylston National	700,000	2	2½	2½	116	115
Broadway National	200,000	2	2	2	95	95
Bunker Hill National	500,000	4	4	4	165	160
Central National	500,000	0	3	3	107	108
Columbian National	1,000,000	4	4	4	145	147
Continental National	1,000,000	2	2½	3	106	109
Eliot National	1,000,000	2	2½	2½	115	117
Everett National	400,000	2	2½	2½	112	112
Faneuil Hall National	1,000,000	3	3	3	129	129
First National	1,000,000	4	5	5	190	200
First Ward National	250,000	2½	3	3	100	103
Fourth National	200,000	2	2½	2½	100	102
Freeman's National	800,000	2½	3	3	117	117
Globe National	1,000,000	2	2	2	110	109
Hamilton National	750,000	3	2	3	123	123
Howard National	1,000,000	2	3	3	117	117
Manufacturers' National	500,000	0	2½	2½	103	102
Market National	800,000	2	2	2	105	104
Massachusetts National, par \$ 250.	32,000 shs	2	86	86	121	119
Maverick National	400,000	4	4	5	200	200
Mechanics' National	250,000	3	3½	3½	115	125
Merchandise National	500,000	0	3	3	108	108
Merchants' National	3,000,000	3	3	3	143	143
Metropolitan National	200,000	2½	3	3	110	112
Monument National	150,000	4	4	4	165	175
Mount Vernon National	200,000	0	3	3	103	111
National Bank of Brighton	300,000	3	3	3	104	104
National Bank of Commerce	1,500,000	2½	3	2½	125	119
National Bank of Commonwealth	500,000	2	3	3	111	112
National Bank of North America	1,000,000	2	2½	2	113	114
National Bank of Redemption	1,000,000	3	3	3	135	137
National Bank of the Republic	1,500,000	3	3	3	128	128
National City	1,000,000	2½	3	2½	120	120
National Eagle	1,000,000	2	2½	2½	115	113
National Exchange	1,000,000	3	3	3	145	142
National Hide & Leather	1,500,000	2	2½	2½	117	115
National Market of Brighton	250,000	4	4	5	152	135
National Revere	1,500,000	2	2½	2½	117	121
National Rockland	300,000	3½	3	3	124	131
National Security	200,000	0	2½	2½	180	180
National Union	1,000,000	3	3½	3½	148	143
National Webster	1,500,000	2	2½	2	112	109
New England National	1,000,000	3½	4	4	148	148
North National	1,000,000	3	3	3	131	129
Pacific National	500,000	†	3	†	111	109
People's National	300,000	3½	4	4	150	160
Second National	1,600,000	3	3½	3½	149	151
Shawmut National	1,000,000	2½	3	2½	122	124
Shoe & Leather National	1,000,000	2½	2½	2½	116	116
State National	2,000,000	2½	2½	2½	121	121
Suffolk National	1,500,000	2	3	2	123	120
Third National	300,000	2	2	2½	106	108
Traders' National	600,000	2	2	2	105	103
Tremont National	2,000,000	2½	3	3	120	120
Washington National	750,000	3	3	3	136	137
Total, October, 1880	\$ 52,550,000	..	..	..	..	..

* Quarterly. † Paid three per cent. Jan. 1 and July 1. ‡ The stock quotations represent market value, dividend on.

NOTES ON THE MONEY MARKET.

NEW YORK, OCTOBER 25, 1880.

Exchange on London at sixty days' sight, 4.81¼ to 4.82½ in gold.

Several attempts have been made during the month to raise the rates for call loans, and rarely has there been a period when the banks have had in October so large a proportion of their means lending at call in Wall Street. The fluctuations in the rates of interest have been frequent, but with a general tendency to react after every brief spasm of advance. Numerous causes are mentioned as accounting for these movements in the money market. First, the demand for currency in the interior continues, but it is met in part by shipments of gold coin. The banks are paying checks in coin to a greater extent than at any time since the resumption of specie payments. Many large corporations and manufactories employing multitudes of workmen are paying wages in coin, and the process of hoarding continues to deplete the channels of the monetary circulation. Hence, there is a steady decline in the specie reserves of the banks and there is a general scarcity of notes, the aggregate of which in the Sub-Treasury and the Clearing House is now reduced to sixteen millions of dollars. Another point to which attention has been directed is the retirement of their circulation by the banks. There is now so little profit on the issue of National bank notes, that the movement, started some time ago, of surrendering circulation by the deposit of greenbacks is gathering strength, and the expectation is that during the present year twenty millions will be given up in addition to the amount already surrendered. Thirdly, the stimulus to business, which has been developed of late, and the resulting advance in general prices, as well as in the more sensitive values of the stock exchange have caused a demand for an increasing volume of money to do the business of the country, and the increased demand from these and other circumstances has been growing in presence of the depletion of the monetary supplies. The continued importations of gold from abroad have consequently been watched with much anxiety and their effects have been to give a steadiness to our money market which could scarcely have been otherwise secured. For the week ending October 22, the imports of specie were \$6,348,300, and since August 2, 1880, the aggregate is reported at \$38,755,900, of which \$35,540,900 were foreign gold coin and bars, and \$3,215,000 were double eagles. We recently mentioned the fear which has prevailed that the European banks, which have been losing their specie, might take some severer measures for checking the further exportation of specie to this country. If they were to adopt this course there is no doubt that embarrassment might result to some of our interests and export movements, as well as to the money market and to the sale of our bonds abroad. No steps have yet been adopted to carry out this policy, though the rumors continue that it will be not much longer deferred. The Bank of France has advanced its rate of interest to a slight extent, and a further advance is expected. The Bank lost \$16,122,000 in one week, and \$20,732,000 during the fortnight ending 21st October. This loss reduces the gold reserves of the Bank to about \$116,000,000. It is hoped that our bankers and capitalists who are engaged

in heavy foreign transactions will not pursue such a policy as to augment the temporary perplexities which embarrass the financial situation.

The future importations of gold will, of course, be controlled in large part by the balance of the international exchanges. How much these may be affected by the demand for our securities abroad, and the disturbance of public credit by the Irish troubles and other political movements in various parts of Europe, it is not easy to estimate. Our importations of dry goods and foreign luxuries are on the increase, and show that the enforced economy, which the panic and the resulting hard times developed in this country, is giving place to a more liberal scale of expenditure, which increasing prosperity and general opulence may perhaps expand, in the not distant future, to extravagant and mischievous proportions. This, however, is a matter of conjecture, and meanwhile the statistics prove that we are buying and selling abroad to an extent unparalleled in the financial and commercial history of this country. The crop prospects in England and Continental Europe, seem to show that France will require 40,000,000 bushels of grain, Great Britain 120,000,000 and Spain, Italy, and other Continental countries 32,000,000 bushels. To supply these importations, the United States will probably have to send from 150 to 175 millions of bushels, while Australia will supply ten millions, Egypt, six millions, Algeria, one million, British India, ten millions, Turkey, eight millions, Austro-Hungary, eight millions, and the Danubian Provinces, fourteen millions of bushels. Russia will probably be unable to export much, but the estimates vary considerably. These and many other facts are variously discussed in Wall Street. Our chief concern with them is as to their relations to the money market and to the influx of gold into New York. The general impression seems to be that unless some unforeseen contingencies should arise, the monetary situation is not likely to suffer serious disturbance, though the rates of interest are expected gradually to harden. The latter opinion, however, is not confirmed by the terms of recent negotiations of bonds, which show a plethora of capital almost without precedent in any country.

The rates for discounts and call loans continue easy, and some of the bankers and merchants who expected the money market to show symptoms of stringency exhibit less disposition than heretofore to predict higher rates of interest. Still, for the reasons above referred to, there is some uneasiness which is not lessened by the announcement to-day that the bank reserves have sustained a further depletion. Subjoined are the aggregates of the New York Clearing House for several weeks past :

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
Sept. 25.....	\$ 310,204,000	\$ 65,147,600	\$ 13,197,200	\$ 18,825,500	\$ 294,806,900	\$ 4,643,075
Oct. 2.....	309,323,600	65,256,300	13,046,300	18,636,700	295,611,400	4,399,750
" 9.....	313,521,200	66,992,200	12,629,790	18,573,700	301,013,600	4,368,400
" 16.....	315,811,900	67,364,300	13,035,000	17,629,100	302,566,900	4,757,575
" 23.....	317,043,300	65,613,900	13,159,300	18,700,600	300,831,000	3,565,450

The Boston bank statement for the past four weeks is as follows :

1880.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Sept. 27.....	\$ 145,506,500	\$ 7,615,000	\$ 2,962,800	\$ 58,381,800	\$ 30,503,800
Oct. 4.....	145,099,500	8,333,400	2,875,300	59,827,700	30,577,200
" 11.....	146,721,200	8,708,800	2,745,400	60,612,100	30,621,200
" 18.....	145,700,700	8,652,000	2,713,000	61,220,900	30,498,600
" 25.....	147,836,900	8,472,400	2,896,900	62,156,100	30,503,200

* Deposits indicate all deposits other than Government and banks, less Clearing-house checks.

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

1880.	Loans.	Reserves.	Deposits.	Circulation.
Sept. 27.....	\$70,627,677	\$21,583,986	\$64,420,111	\$12,215,485
Oct. 4.....	70,804,827	21,463,516	64,822,802	12,195,371
" 11.....	70,741,570	21,442,750	64,832,766	12,186,549
" 18.....	71,455,947	21,108,723	65,740,522	12,213,234
" 25.....	71,763,845	20,533,198	65,329,678	12,243,730

The stock market has been irregular and closes with less of firmness and animation. Governments have slightly receded from their recent advance, but the demand is fairly active for investment, and the Treasury purchases for the sinking fund have a certain influence upon the market, and tend to sustain the upward tendency in quotations. The offers to sell bonds to the Government last week were \$4,985,100, of which \$2,500,000 were accepted. The variations in the prices, since the beginning of the year, at the New York Stock Exchange, compare as follows :

	—Variations since Jan. 1, 1880.—		Amount Registered.	Oct. 1, 1880.—	
	Lowest.	Highest.		Coupon.	
6s, 1880.....coup.	101¾ July 27	104¾ May 20	\$11,020,000	..	\$5,286,000
6s, 1881.....coup.	103¾ July 9	107¾ May 26	158,194,050	..	50,306,550
5s, 1881.....coup.	102½ Sept. 28	104¾ Apr. 28	299,041,050	..	173,490,500
4¾s, 1891.....coup.	106¾ Jan. 2	111¾ Aug. 2	175,743,400	..	76,256,600
4s, 1907.....coup.	103 Jan. 2	110¾ Sept. 3	532,562,100	..	205,701,850
6s, currency.....reg.	125 Apr. 21	130 Sept. 9	64,623,512	..	—

State stocks show a little more activity, but the inquiry from investors for certain descriptions is still checked by lack of that confidence which is so essential to public credit and so slow to revive when impaired. Virginia consols have been in demand for European account, the transactions being small. North Carolina new fours are selling at 79½, and in Virginia deferred bonds there are some transactions to a limited extent. Railroad bonds are active and strong, and railroad shares are irregular, with a large movement for investment and speculative operations. Foreign exchange is firmer in consequence of the limited supply of commercial bills. Domestic exchange on New York is quoted at easier rates. Subjoined are our usual quotations :

QUOTATIONS :	Sept. 24.	Oct. 2.	Oct. 9.	Oct. 16.	Oct. 23.
U. S. 6s, 1881, Coup.	104¾	104½	104¾	104¾	104¾
U. S. 4¾s, 1891, Coup.	108¾	108¾	108¾	110¾	110¾
U. S. 4s, 1907, Coup.	108½	107½	107¾	109¾	109
West. Union Tel. Co.	97¾	98¾	97¾	104¾	102
N. Y. C. & Hudson R.	128¾	130¾	130	134¾	134¾
Lake Shore.	105¾	109¾	108¾	114½	113¾
Chicago & Rock Island	115	118	116	118	121¾
New Jersey Central.	70	74¾	72¾	76½	75¾
Del., Lack. & West.	88¾	90¾	90	93¾	94¾
Delaware & Hudson.	82¾	85¾	82¾	85¾	85¾
Reading.	26	30¾	30¾	34¾	38¾
North Western.	101¾	108	108	113¾	116¾
Pacific Mail.	38	39	40¾	44¾	43¾
Erie.	37¾	40	38¾	44	45¾
Discounts.	4 @ 5	4 @ 5	4 @ 5	4 @ 5	4 @ 5
Call Loans.	2½ @ 3	2½ @ 3	2½ @ 3	2 @ 3	2½ @ 3
Bills on London.	4.81¾-4.84	4.81-4.83½	4.81-4.83½	4.82-4.84½	4.81¾-4.83¾
Treasury balances, coin	\$79,982,158	\$75,226,926	\$73,355,716	\$75,123,304	\$74,533,515
Do. do. cur.	\$5,955,744	\$5,286,182	\$5,338,425	\$4,946,598	\$4,849,680

At the London Stock Exchange the quotations have been as follows, the market closing dull :

Quotations in London.	Oct. 8.	Oct. 15.	Oct. 22.	Oct. 23.	— Range since Jan. 1, 1880. —	
					Lowest.	Highest.
U. S. 5s of 1881.....	105½	110¼	104¼	104¼	104¼	Apr. 15 .. 106½ Jan. 12.
U. S. 4½s of 1891.....	112¼	113 ¾	114	114¼	109¼	Jan. 2 .. 114¼ Aug. 3.
U. S. 4s of 1907.....	111¾	112¼	113	112¼	106½	Jan. 2 .. 114¼ Aug. 31.

During two days, September 27 and 28, of the whole amount of \$1,107,585 paid in at the New York Custom House, \$700,000 was paid in silver certificates, and \$2,000 in silver dollars.

On Wednesday, September 29, the offerings of bonds for the sinking fund amounted to \$6,569,350, of which \$2,500,000 were accepted, as follows: \$1,957,200 6s of 1881, at \$104.47@104.60; \$540,800 5s at 102.56@102.66, and \$2,000 6s of 1880, at 102.47.

Of the accepted bonds \$984,550 were offered by the Mutual Life Insurance Company of New York.

On Wednesday, October 6, the offerings were \$5,366,350, of which the Secretary accepted \$2,500,000, as follows: \$140,000 of the 6s of 1880, at 102.35@102.56; \$867,650 of the 6s of 1881, at 104.35@104.56, and \$1,492,350 of the 5s of 1881, at 102.58@102.64½.

On Wednesday, October 13, the offerings were \$4,990,100, of which the Secretary of the Treasury accepted \$2,500,000 at 102.55@102.59 for 6s of 1880, 103.55 for 6s of 1881, and 102.55@102.67 for 5s of 1881.

On Wednesday, October 20, the offerings were \$4,985,100, of which the Secretary accepted \$2,500,000, as follows: \$29,000 6s, 1880, at 102.56@102.68; \$1,602,656 6s, 1881, at 104.78@104.90; \$868,350 5s, 1881, at 102.83@102.92.

During the week ending October 19, there were received at the New York Custom House for duties silver certificates to the amount of \$1,216,000.

The San Francisco *Commercial Herald*, of October 7, says: "Bank rates rule at 8@10 per cent., while on collateral security much more favorable terms can be obtained."

During the month of September last the exports, from the United States, of provisions and tallow were \$11,271,851, as compared with \$6,575,168 during September, 1879.

The exports of breadstuffs from the United States were \$23,881,936 during September, 1880, as compared with \$35,828,848 during September, 1879.

The production of the Leadville mines during September was \$1,500,000, principally silver, but including some gold and lead.

During the week ending October 23, the import of gold at New York, amounted to \$6,867,662.

During the week ending October 23, the delivery from the Treasury of silver dollars on orders amounted to \$818,990, as compared with \$339,455 during the corresponding week of 1879.

President Jewett, of the Erie, announces that the claim of the company against the London Banking Association has been settled by the acceptance by the Erie of £100,000 (\$500,000).

The issue of Post-Office money orders for the year ended June 30, 1880, amounted to \$100,352,818, against \$88,254,461 the previous year. The net revenue of the business to the Government was \$17,575.

The September bullion product of thirty-two of the principal mines, having their headquarters in San Francisco, was \$1,892,100.

The New York *Indicator* says: "Much more money has been loaned during the present year on bond and mortgage at six per cent., by New York life insurance companies, than during the corresponding period of last year, and the demand is increasing. It is not easy to obtain loans on mortgage at five per cent., and when obtained something more than simple interest is, in almost all cases, demanded."

On the 25th of October, bids were opened for \$2,800,000 of a New York city four-per-cent. stock on thirty years, free of all taxes except such as the State may hereafter impose for State purposes. The biddings amounted to \$31,000,000, of which the highest amounting to \$2,800,000 were as follows:

	<i>Amount.</i>	<i>Rate.</i>
National Bank of Commerce.....	\$ 500,000	.. 105.79
National Bank of Commerce.....	500,000	.. 105.56
Williamsburg Savings Bank.....	200,000	.. 105.10
R. L. Stuart.....	50,000	.. 105.10
R. L. Stuart.....	50,000	.. 105.05
Greenwich Savings Bank.....	100,000	.. 104.79
Greenwich Savings Bank.....	100,000	.. 104.59
National Bank of Commerce (remainder).....	1,300,000	.. 104.54

If the allotments are made as above, the average rate of premium will be 5.015 per cent.

The city of Bath (Me.) is endeavoring to fund a debt of \$871,850 incurred for railroad purposes into four-per-cent. bonds, running from twenty to forty years.

The quarterly statement of the funded indebtedness of the District of Columbia shows a decrease in the debt by the operations of the Sinking Fund since July 1, 1878, of \$618,750, and a reduction in the annual interest charge since that date of \$38,981.77.

The clearings of the Associated Banks of Chicago for the month of September were \$142,000,000 or \$28,000,000 greater than for September, 1879. The clearings for the nine months ending in September were \$1,195,000,000, an increase compared with the same period last year of \$343,000,000.

At the annual meeting (Oct. 4), at Cincinnati, of the Pork Packers' Association, it was stated by the Secretary that the average price paid for hogs last season was \$4.36 per 100 pounds gross weight against \$2.83 $\frac{2}{3}$ the previous year.

The Boston *Advertiser* says that "it is well that the public debt is being fast reduced."

At the monthly sale (October 5) of British exchequer bills, those on three months were taken at a discount of a trifle less than two per cent. per annum, while those on six months were taken at a discount of a trifle over two and one-half per cent per annum. It would thus seem that at that date there was in London an expectation of dearer money in the near future.

Early in October an English firm made an offer to the German Government for the purchase of one hundred million marks of silver, \$25,000,000. The offer was declined, but whether because the terms were unsatisfactory, or because the Government did not wish to sell silver at all, is not certainly known.

The London *Bankers' Magazine* for October, says that "September has been remarkable for a further substantial rise in the market value of bank shares," but in respect to some industrial interests it observes:

The liquidators of the Glasgow Bank have either received, or believe that they shall receive, payment from holders of £90,500 of the stock of all the calls made. The total stock was £1,000,000. The stockholders paying up in full will be entitled to be repaid out of any surplus of assets over and above the debts of the bank, and it is now believed that they will receive back large sums.

"Trade has not flourished during September. The harvest, it is true, is in the main secured, but the manufacturing industries have fared rather badly. Iron is lower in price, the textile industries have less business in hand, and strikes in various directions have taken place."

A £2,000,000 loan at $4\frac{1}{2}$ per cent. of the Colonial Government of Victoria, for railway purposes, was sold in London September 29, at a premium of $4\frac{3}{4}$ per cent. The bids for it aggregated £11,000,000. A British financial journal remarks upon it that "anything sound is now eagerly taken up." The same journal volunteers its advice to this country to issue a perpetual $3\frac{1}{2}$ -per-cent. consol, which it says would be very acceptable in London.

The financial speculations in Paris are on a great scale. The *Credit Foncier* of that city had at one time an investment of 165,000,000 francs, or \$33,000,000 in Egyptian securities. Its holdings of that kind, according to a very late return, are now reduced to 71,320,622 francs. It is quite probable that the institution would have been ruined if Egypt had not been put into the hands of receivers.

DEATHS.

At MAUCH CHUNK, Pa., on Tuesday, September 28th, aged fifty years, CHARLES ALBRIGHT, President of the Second National Bank of Mauch Chunk.

At RALEIGH, N. C., on Wednesday, October 20th, aged eighty-two years, CHARLES DEWEY, President of the Raleigh National Bank.

At PLAINFIELD, N. J., on Saturday, October 9th, aged sixty-two years, JOHN S. HARBERGER, President of the Manhattan Company.

At MILFORD, Mass., on Sunday, September 26th, aged sixty-eight years, AARON CLAFLIN MAYHEW, President of the American Trust Company of Boston and of the Milford National Bank.

At NORTHAMPTON, Mass., on Monday, September 20th, aged forty-eight years, HENRY ROBERTS, Cashier of the First National Bank of Northampton.

At ROME, Georgia, on Sunday, October 10th, E. A. WILLIAMS, Cashier of the First National Bank of Rome.

At BLOOMSBURG, N. J., on Tuesday, September 21st, aged forty-seven years, JOHN F. WOODRUFF, Cashier of the Bloomsbury National Bank.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

DECEMBER, 1880.

No. 6.

REPORT OF THE COMPTROLLER OF THE
CURRENCY.

The annual report on our banking system by the Comptroller of the Currency will attract much attention this year, and copious extracts from it are given on subsequent pages of this Magazine. There are indications that the National banking system will need some judicious modification before long, and several suggestions have been made in and out of Congress with a view to meet the exigencies of the situation. Among the functions which devolve upon the National banks, one of the most conspicuous is that of issuing notes on the security of Government bonds. The Comptroller shows that this part of the work of the National banking system is not so profitable as formerly, and for this and other reasons the banks are surrendering their circulation to an extent which has never been recorded in previous years. As this subject is referred to in another article, and has frequently been discussed by us during the last few months, we will only suggest that the timely remarks of the Comptroller and the statistics illustrating them should receive the most anxious consideration from Congress and the people. Another function of the National banking system is to hold an ample cash reserve, in order both to maintain the solvency of the banks themselves and to supply the needful guarantees against panics and commercial revolutions. No European banking system makes such stringent provision for the maintenance of adequate reserves, and for

the securing of the stability of the banking fabric on which depends the prosperity and growth of the commerce and productive power of the nation. From the elaborate tables of the Comptroller it will be seen that the reserves of our banks are strong, though so large a mass of coin and greenbacks have been hoarded during the last year, and have disappeared from the channels of the circulation.

Thirdly, an important function of the National banks has been to provide a market for Government bonds, of which these banks have always held a very large aggregate. More than one-fifth of the public debt has been thus held by the National banks since 1865. With the reduction of the rate of interest on the public debt and the extensive demand at home and abroad for our Government bonds, the necessity is no longer so urgent that the banks should hold such a large aggregate of Government bonds as heretofore.

A new policy has, therefore, been rendered possible, permitting the banks to sell their bonds in cases where more than \$50,000 are held and circulation is not desired to a greater amount than that minimum sum entitles a bank to issue. The movement during the next six or eight months will be watched with much interest, and it is hoped that the evils predicted from the change will be found to have been exaggerated, and that comparative benefits of an important character will be realized.

With regard to the taxation of the banks the Comptroller offers some judicious suggestions. It is well known that from the decline in the rates of interest the profits of the banks are very much smaller than formerly, and the severe pressure of the war taxes imposed on the banking business is loudly complained of. Mr. Knox recommends Congress to give deliberate attention to the claims of the banking system for relief, and he gives some valuable statistics which show that the evils of bank taxation entitle the banks to ask for immediate action. The bills for this purpose which are now before the Committee of Ways and Means will be urged forward early in the coming session, and it is hoped that Congress will repeal or reduce some of these taxes. The Secretary of the Treasury, it is said, favors the repeal of the tax on deposits, and in the present condition of the National Treasury the small amount of revenue involved can easily be spared. The late date of its receipt precludes any discussion of the general questions of bank policy suggested by the report, which is one of the most valuable contributions to our financial and banking statistics that has ever been presented to Congress.

CURRENCY SCARCITY AND BANK-NOTE CONTRACTION.

For some months past the question whether the scarcity of currency will continue and increase has been discussed by several classes of disputants, and from different points of view. Its effect upon the money market is the chief topic of inquiry with some persons, while others are investigating its causes, its relation to the domestic and foreign exchanges, or to the industrial prosperity and growth of the country. A new impulse has just been given to the discussion by the announcement that, in a few months, nearly \$200,000 of the four and six-per-cent. bonds, held at Washington to secure the notes of the National banks, will mature, and that, so far as these maturing bonds are not replaced with new bonds, the notes secured thereby must be given up by the banks. To what extent, and in what sections of the country, the circulation will be depleted from this cause, opinions differ. The problem is a serious one, and, by some persons of great experience, a sharp contraction of the volume of paper money is looked for, as they think that the banks will not purchase three, or three-and-a-half per cent. bonds, for circulation as long as they have to pay the Federal taxes now imposed upon bank deposits, bank circulation, and bank capital. At the low rates of interest now ruling, the small and decreasing profits which have been gained by the banks on their note issues, while the four per cents were at par, has been frequently referred to as a cause of the contraction of the bank circulation, under the adjustment Act of 1874, which established the principle of free banking, and allowed the banks to enlarge and contract their note issues at pleasure, controlled only by the price of bonds and the profits secured by lending their notes. Some interesting evidence on these and other questions will be found on another page in the report of the Comptroller of the Currency to be presented to Congress.

To show the operation of the law of 1874, and to illustrate its effects upon the bank-note aggregate of the various States, we have compiled from Comptroller Knox's various reports, the subjoined table, which gives the official figures to November 1, 1880, showing to what extent new bank notes have been issued under the law of 1874, and to what extent greenbacks have been deposited by banks that have withdrawn their bonds and given up their circulation. The last column of the table shows the total amount of bank notes which would be outstanding in each State, if all the banks deposited

bonds and called for the whole aggregate of circulation to which their capital entitles them. Our statistics are as follows :

AGGREGATES OF LEGAL-TENDER NOTES DEPOSITED TO RETIRE
NATIONAL BANK CIRCULATION FROM JUNE 20, 1874, TO
NOVEMBER 1, 1880.

<i>Geographical Divisions.</i>	<i>Additional bank notes issued since June 20, '74.</i>	<i>Greenbacks deposited to retire bank notes.</i>	<i>Resulting increase of total circulation.</i>	<i>Resulting decrease of total circulation.</i>	<i>Bank notes authorized but not issued.</i>
Maine.....	\$ 1,461,180	\$ 917,000	\$ 544,180	—	\$ 732,800
New Hampshire.....	632,865	128,797	504,068	—	52,500
Vermont.....	1,799,660	1,422,837	376,823	—	481,110
Massachusetts....	20,875,150	8,587,100	12,288,050	—	10,061,575
Rhode Island.....	1,810,320	987,335	822,985	—	3,159,233
Connecticut.....	2,500,610	2,359,180	141,430	—	4,222,383
	<u>\$ 29,079,785</u>	<u>\$ 14,402,249</u>	<u>\$ 14,677,536</u>	<u>—</u>	<u>\$ 18,709,601</u>
New York.....	\$ 20,942,805	\$ 27,719,059	—	\$ 6,776,254	\$ 20,690,093
New Jersey.....	1,713,165	1,803,940	—	90,775	919,605
Pennsylvania....	11,082,540	8,679,347	\$ 2,403,193	—	4,836,840
Delaware.....	232,275	—	232,275	—	61,937
Maryland.....	1,302,310	1,812,980	—	510,670	2,653,076
Dist. of Columbia	456,500	880,724	—	424,224	311,800
	<u>\$ 35,729,595</u>	<u>\$ 40,896,050</u>	<u>\$ 2,635,468</u>	<u>\$ 7,801,923</u>	<u>\$ 29,473,411</u>
Virginia.....	\$ 845,500	\$ 1,822,879	—	\$ 977,379	\$ 185,400
W. Virginia.....	226,810	1,086,245	—	859,435	161,845
North Carolina..	1,235,660	1,140,785	\$ 94,875	—	434,700
South Carolina..	99,700	953,380	—	853,680	793,410
Georgia.....	520,350	725,400	—	205,050	9,500
Florida.....	72,000	—	72,000	—	45,000
Alabama.....	207,000	229,500	—	22,500	33,300
Mississippi.....	—	—	—	—	—
Louisiana.....	1,285,110	2,750,000	—	1,464,890	607,000
Texas.....	368,100	259,140	108,960	—	418,500
	<u>\$ 4,860,230</u>	<u>\$ 8,967,329</u>	<u>\$ 275,835</u>	<u>\$ 4,382,934</u>	<u>\$ 2,688,655</u>
Arkansas.....	\$ 171,000	\$ 171,000	—	—	—
Kentucky.....	3,811,430	2,134,800	\$ 1,676,630	—	\$ 280,620
Tennessee.....	647,170	904,260	—	\$ 257,090	197,370
Missouri.....	767,260	4,740,900	—	3,973,640	1,729,310
Ohio.....	3,134,180	4,661,641	—	1,527,461	2,030,660
Indiana.....	3,239,880	7,624,380	—	4,384,500	1,860,130
Illinois.....	2,563,365	8,431,580	—	5,868,215	4,409,545
Michigan.....	2,142,910	2,859,475	—	716,565	2,141,180
Wisconsin.....	780,530	1,617,299	—	836,769	533,960
Iowa.....	1,533,400	2,413,624	—	880,224	969,710
Minnesota.....	1,017,800	2,168,540	—	1,150,740	2,305,610
Kansas.....	147,600	972,271	—	824,671	104,100
Nebraska.....	67,500	278,080	—	210,580	81,900
Nevada.....	36,000	—	36,000	—	9,000
Colorado.....	572,400	287,483	284,917	—	117,100
Utah.....	134,900	357,991	—	223,091	—
Montana.....	129,600	136,800	—	7,200	63,000
Wyoming.....	36,000	—	36,000	—	77,400
New Mexico.....	90,000	—	90,000	—	—
Washington.....	135,000	—	135,000	—	—
Dakota.....	175,500	—	175,500	—	162,000
California.....	777,600	—	777,600	—	1,313,300
	<u>\$ 22,078,625</u>	<u>\$ 39,760,124</u>	<u>\$ 3,179,247</u>	<u>\$ 20,860,746</u>	<u>\$ 18,385,895</u>

SUMMARY.

	<i>Additional bank notes issued since June 20, 1874.</i>	<i>Greenbacks deposited to retire bank notes.</i>	<i>Increase of circulation.</i>	<i>Decrease of circulation.</i>	<i>Bank notes authorized but not issued.</i>
Eastern States..	\$ 29,079,785	\$ 14,402,249	\$ 14,677,536	—	\$ 18,709,601
Middle " ..	35,729,595	40,896,050	2,635,468	\$ 7,801,923	29,473,411
Southern " ..	4,860,230	8,967,329	275,835	4,382,934	2,688,655
Western " ..	22,078,625	39,760,124	3,179,247	20,860,746	18,385,895
	\$91,748,235	\$ 104,025,752	\$ 20,768,086	\$ 33,045,603	\$ 69,257,562

Among the numerous points of interest suggested by these tables, there are two which demand special notice. First, it is seen that the banks of the Eastern States have augmented their bank-note issues, while those of many Western and Southern States have been among the most prompt to give up their circulation and withdraw their bonds. These facts are contrary to what might have been expected, if the need of bank currency in the Western and Southern States were really so great and so imperfectly supplied, as has, by many theorists, been supposed and claimed. Secondly, the banks generally in those parts of the country where the rate of interest rules the highest, seem to be diminishing their note issues, as it is held that by selling their bonds and lending the money at six or eight per cent., or at still higher rates, they can earn better dividends than by investing in Government bonds with the currency privileges offset by the heavy pressure of State and Federal taxation.

Treasurer Gilfillan refers to this subject in his report, and states that more than \$85,000,000 of bank circulation has been surrendered, and that the law of 1874 was adopted in the expectation that it would regulate the volume of the bank circulation, in conformity with the changing wants of business; but that the expectation has not been realized. He shows that a considerable number of banks have called for new issues of additional bank notes, while they were on the list of banks reducing their circulation and had deposited greenbacks for that purpose, so as to withdraw their bonds, and realize the profit accruing from their sale at a premium. Banks can afford, he says, to forego the profit on their circulation for a short time in order to sell their bonds at high prices, especially as they can buy more bonds when the market recedes and get new currency upon them at Washington. Instances are also referred to in which new notes so obtained have been immediately surrendered at Washington, in order that the banks might draw out the greenbacks previously deposited with the Treasurer, with a view to withdraw their bonds as above stated and secure a profit upon their sale. Such changes should not, in the Treasurer's opinion, be permitted. He would forbid any bank from increasing its circulation, until it had disappeared from the list of reducing banks in the books of the department.

Another point referred to by the Treasurer is the redemption of National bank notes which has fallen off during the last two years, the gross amount received by the Redemption Bureau at Washington having been only \$61,585,675 this year against \$157,656,644 in 1879. Two causes are mentioned for this decrease. First, the general revival of business, and, secondly, the changes in the regulations requiring the transportation charges of notes sent for redemption to be paid by the senders. This system, after a fair trial, has been found to work so badly that the Treasurer suggests "a return to the system under which all of the charges for transportation, incurred in the redemption of National bank notes, were defrayed out of the five-per-cent. fund, and assessed upon the banks, as the only way in which the circulation can be kept in good order."

ASPECTS OF TRADE.

It turns out from the full returns, as we predicted it would, that the favorable balance of our foreign merchandise trade in September was very large—\$17,968,385—although not so large as in September, 1879, when it was \$21,219,177. The excess of coin and bullion imports over exports in September last was \$19,095,085. Taking the total of merchandise, coin and bullion, the imports of the country exceeded the exports in September last by the sum of \$1,126,700.

The full figures of the merchandise movement in September, 1880, compared with September, 1879, are as follows :

	<i>September, 1879.</i>	<i>September, 1880.</i>
Imports.....	\$44,224,878	.. \$53,226,435
Exports.....	65,444,055	.. 71,194,820

The money value of our exports depends, of course, not merely upon the quantities of articles sent abroad, but upon the prices which they command. There has been a good deal of apprehension of a disastrous fall in wheat, in consequence of our own heavy crop and of the improved harvest in Europe. Thus far, this apprehension has not been realized. At the beginning of September, American wheat was selling in England at 41s. 6d. per quarter, but advanced gradually to 47s. per quarter at the end of October. The chief causes assigned there for this advance, are, that upon threshing out the British wheat, it proves less in quantity than was expected, and that the worst fears as to the shortness of the Russian crop are more than realized. It is said, that some of the statements as to the Russian crop are sensational, and intended for speculative purposes, which is not unlikely. While it may be true that there have been wheat importa-

tions at certain Russian ports, it is certain that there have been wheat exportations at other ports, as will be seen from the following telegrams :

ODESSA, October 6.—The copious rains have rendered the roads in the interior almost impassable, and the transport of grain impracticable. A large quantity of cereals is *en route* for this market, and this circumstance has a hardening influence upon prices. Freighters are rising through a scarcity of tonnage.

TAGANROG, October 4.—Hard wheat is quoted at 14.75*r.* to 16.50*r.* Ghirka qualities are wanting and nominal at 13.50*r.* to 13.75*r.* per pood. The position of the freight market is quite disheartening, there being no hope of a revival of trade in conjunction with so large a number of sailers in the roads, many of which will be forced to leave in ballast in face of the advancing season, the exhausted stocks, and the long continuance of wet weather.

The complaint in these telegrams is, not that there is no wheat for sale, but that rains obstruct its delivery at the seaports.

But even if Russia does this year export more wheat than it imports, it may be set down as certain, taking all the accounts together, that the export will be much below the average. And it is to be noticed that the harvest failure in Russia extended to other cereals besides wheat, and notably to rye, which is largely used in Europe in making bread.

A St. Petersburg dispatch of November 3, says :

Ordinary rye bread has risen to double the usual price. Great scarcity exists in St. Petersburg and in various provinces which the American competition in wheaten flour obviously fails to meet.

A city contemporary, the *Public*, calling attention to the large imports of iron, says :

The imports of iron continue surprisingly large as the detailed reports for August show. In that month 143,581 tons of iron (net tons of 2,000 lbs. each) were imported, against only 28,134 tons in August, 1879. During eight months of this year 1,547,970 net tons were imported, against only 121,898 tons for the same months in 1879. The value of all the iron and steel imported during these eight months was \$ 50,416,653 in 1880, against only \$ 8,888,762 in 1879. This is really a startling return. With only two-thirds of the year reported, the imports exceed in quantity those of the whole year 1872, or any preceding year, and it is already certain that the value of imports of iron in 1880 will greatly exceed the value of such imports for any previous year. The following table shows the quantity and value of iron imports, the value of total imports and the ratio of iron to total imports, for eight years and for eight months of this year :

	Tons.	Value.		Tons.	Value.
1872.....	1,199,316	\$ 61,724,227	..	1877.....	110,769 . \$ 9,195,368
1873.....	608,923	45,754,670	..	1878.....	115,626 . 8,943,043
1874.....	248,607	25,594,534	..	1879.....	603,005 . 20,359,046
1875.....	141,079	15,264,216	..	1880 (8 mos.)	1,547,970 . 50,416,653
1876.....	127,975	10,584,126			

But the idle furnaces and mills now existing in this country can supply all the iron that the country will consume, as to quantity, so that imports of iron may be almost entirely confined to those quali-

ties which are needed for special uses in mixture with American varieties. If the iron manufacture continues to broaden and extend its operations without material advance in price, or without other advance than such as a revival of industries in other lands may cause in Great Britain, we may look for a reduction of the imports to very moderate quantities.

As in respect to iron, so in respect to many other articles, a very available direction for American industry and capital is to endeavor to supply our own markets, in which prices are remunerative. There is no good reason, for example, why all the wool we use should not be raised here, or why all the woolen cloths we use should not be manufactured here. There is no market in the whole world so wide and so inviting to a profitable enlargement of trade, as our own home market. It is here that we can successfully compete with Great Britain as sellers of iron and woollens. In foreign markets, equally open to both, we cannot do it without reducing our wages to the British standard. For the present, the best place to fight is on our own ground. When we have fully secured that, we can indulge our ambition for foreign conquests.

THE PUBLIC FINANCES.

The bonded debt of the United States was as follows at the two dates named :

	<i>Oct. 1, 1880.</i>	<i>Nov. 1, 1880.</i>
Bonds at six per cent.....	\$ 222,819,050 ..	\$ 217,699,550
Bonds at five per cent.....	474,531,550 ..	469,651,050
Bonds at 4½ per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	738,263,950 ..	738,368,600
Refunding certificates.....	1,083,850 ..	979,200
	\$ 1,686,698,400 ..	\$ 1,676,698,400

The saving of annual interest by the reduction during the month is \$551,795, and makes an aggregate saving in that way since November 1, 1879, of \$5,905,321.

The reduction of net debt during October was \$7,103,755, and from July 1 to November 1, was \$33,681,868. The reduction of bonded debt from July 1 to November 1 was \$33,294,700.

During the fiscal year ending June 30, 1880, the reduction of the net debt was \$76,659,027, while the reduction of the bonded debt was only \$72,976,400.

During October the payments on account of pensions were \$4,234,238, or at the rate of \$50,810,856, per annum.

The redemption of fractional currency during October amounted to only \$79.

The metallic reserve of the United States Treasury was as follows at the two dates named :

	October 1.	November 1.
Gold coin and bullion (less outstanding certificates).....	\$ 127,764,733	\$ 133,278,252
Silver dollars (less outstanding certificates).....	35,451,484	27,301,228
Subsidiary silver.....	24,799,925	24,629,489
Silver bullion.....	5,557,756	6,043,367
	<u>\$ 193,573,898</u>	<u>\$ 191,252,336</u>

The gold continues to increase, and at the last date (November 1), was \$19,085,493 greater than on the day of resumption.

The number of silver dollars in the Treasury, November 1, was 47,084,459, but of that number, 19,783,231 were the property of individuals and merely held for safe keeping, certificates therefor being outstanding. The number owned by the Treasury was reduced 8,150,256 during October. This shows that, including the coinage of \$2,279,000 during the same time, the circulation of silver dollars in the metallic and certificate forms increased \$10,429,256 during October.

The following official announcement was made at Washington, November 3: "During the month of October more than 3,500,000 standard silver dollars were shipped from the different mints and put into circulation; \$666,000 of this amount went into the State of Texas. Of the \$3,500,000 the sum of \$2,067,500 was sent from the New Orleans Mint and \$1,342,500 from the mint at Philadelphia."

In respect to the descriptions of money received for duties at the New York Custom House, the following account of receipts, for the six working days ending November 3, may be taken as about an average sample :

Gold coin.....	\$985,000	..	Silver dollars.....	\$ 4,000
Greenbacks.....	153,000	..	Silver certificates...	1,332,000

The following statement shows the total coinage executed at the United States mints during the month of October, 1880 :

<i>Denomination.</i>	<i>Number of pieces.</i>	<i>Value.</i>
Double eagles.....	79,000	.. \$ 1,580,000
Eagles.....	125,900	.. 1,259,000
Half eagles.....	227,967	.. 1,139,835
Total gold.....	432,867	.. \$ 3,978,835
Silver dollars.....	2,279,000	.. 2,279,000
Cents.....	1,220,000	.. 12,200
Total coinage.....	3,931,867	.. \$ 6,270,035

This makes the total number of silver dollars coined under the present law, 72,847,750, of which 45,047,825 are in circulation in the metallic and certificate forms.

According to the debt statement of November 1, the bonds bearing five and six per cent interest falling due in May and June next year amount to \$673,224,800.

For the first four months (ending October 31) of the cur-

rent fiscal year, the revenues of the United States compare as follows with the corresponding months of the last fiscal year :

	1880.	1879.	Increase.
From Customs.....	\$ 71,384,000	\$ 59,851,000	\$ 11,533,000
From Internal Revenue	44,297,000	40,204,000	4,093,000
Total.....	\$ 115,681,000	\$ 100,055,000	\$ 15,626,000

As we have noticed elsewhere, the Secretary of the Treasury, on the 5th of November, estimated the surplus revenue for November and December at not exceeding \$11,000,000, whereas, if it maintains the rate of the preceding four months, it would be \$16,840,934.

REDUCING THE PUBLIC DEBT.

During the past eighteen months we have taken frequent occasion to present some of the reasons which favor a steady adherence, at the present time, to the traditional policy of the country upon the question of the public debt. The founders of the Republic regarded a permanent funding system, on the British model, as repugnant to the genius of free institutions. Washington, in his Farewell Address, enjoined it as a primary duty to spare no effort, and submit to every required sacrifice in times of peace, to reduce and finally pay off obligations contracted in time of war. In accordance with his precepts, and in harmony with its own convictions, the country within early periods discharged the onerous obligations of both the Revolutionary war and of the war of 1812-15 with Great Britain. This was so completely established as the American policy, that the subsequent debts of the Civil War were contracted with a pledge of a specific sinking fund, distinctly embodied in all the laws authorizing loans, and this pledge was formally renewed in the funding act of July 14, 1870. Stating summarily some of the points which we have heretofore discussed more at large :

1. The sinking fund for the current fiscal year as officially stated at the Treasury, is \$39,828,225, and as this will increase from year to year by the accumulation of interest, it will be of itself about sufficient to provide for the debts falling redeemable in 1881, during the ten years ending September, 1891, when the four-and-one-half-per-cent. bonds will become redeemable. If there is any deficiency it will be more than supplied by the arrears to the sinking fund, which accumulated during the disastrous six fiscal years which terminated on the 30th of June, 1879. In this view of the sufficiency of the sinking fund to provide within ten

years for the debts falling due in 1881, the question of leaving that fund to perform its legitimate work is not a mere question of policy, but it is a question of National honor and public credit. It is nothing short of repudiation, to violate any of the substantial terms and conditions upon which money has been borrowed, and at what more vital point can a public debt be assailed than by an abrogation of a sinking fund created at the time of its contraction?

2. A sinking fund is, however, not the maximum but the minimum, of the annual payments on a public debt. By a sinking fund a country binds itself to pay off at least so much, but the highest and plainest considerations of public policy require it always to pay as much more as the general situation of affairs reasonably admits of. Inasmuch as it is agreed on all hands that this situation is now one of marked prosperity, as compared with the average of the preceding seven years, there can be no reasonable ground for saying that the country is not well able to bear existing rates and methods of taxation. In the opinion of large and intelligent classes of the people, no small share of the burden of the present taxes is borne by foreigners. More revenue is produced than the annual contribution to the sinking fund requires, but even when this excess shall have made good the arrears to that fund, there will be no reason for reducing the revenue so long as any debt remains unpaid. No debtor government, any more than a debtor individual, can ever be said to have a superfluity of revenue.

3. The question at present is not exactly whether it is expedient to have a National debt, but how large a debt it is prudent to have. When all the bonds falling redeemable in 1881 are paid off, there will still be a bonded debt of 990 millions, of which 740 millions are not redeemable until 1907.

4. While it is true that the rate at which the securities of a government can be floated depends primarily upon the credit which it enjoys, it is also true that, within the limits within which that credit is perfect, the rate depends upon the quantity of its outstanding securities. For certain uses they are, if not indispensable, very greatly desired, and it is thus always true that the lower a public debt is reduced, the cheaper will be the rate at which the remainder can be carried.

5. Freedom from debt is a better preparation for war, and thereby a better security for peace, than armies or navies. Money is the sinews of war, and the admonition to prepare for war in time of peace is an admonition to pay off debts in time of peace, so that the public credit may be in the best condition to be used when an emergency arises. We are in no danger of serious war except with some nation on the other side of the Atlantic, and, hampered as all the

European powers are with enormous debts, there is no one of them which would not recoil from a contest with this country, if its finances were perfectly sound, as no finances can be so long as they are afflicted with the weakness of owing money.

6. A steady approach to freedom from debt will decisively attract to the United States, not only the people, but the capital of Europe, flying hither to escape the devouring taxes which are rendered inevitable by the enormous magnitude of its pecuniary public obligations.

7. The reduction of the National interest account, from the 120 millions, which was the average amount during the first term of Gen. Grant's administration, to the sixty millions which it will not exceed after the debts of 1881 are placed on the lower rates which are within reach, renders it entirely easy to pay off those debts before 1891. It is idle to say, that with more than doubled wealth, we cannot pay as much annually on the interest and principal of the debt, as we paid on the interest alone from 1869 to 1873, and especially when it is added that during the four years last named we also made an average annual payment of eighty-three millions on the principal.

8. It is disingenuous to say that a refunding of the debts of 1881, into bonds on twenty, thirty, or forty years, is consistent with any real expectation, or purpose, of getting rid of them earlier by purchases in the market. The moment the Government begins to buy its bonds by anticipation, they are raised in price, and the demagogues are at once able to clamor with resistless effect against the purchases at exorbitant premiums of debts not yet due. Nothing could be more foolish than the issue of long bonds with any genuine purpose of buying them back at vastly more than they are sold for. It is not a folly like that which is at the bottom of schemes to issue long bonds. What is intended, is what will be the inevitable result, that payments on the debt will be arrested and that it will be made perpetual, and with the certainty of being enlarged during every recurring period of public calamity.

9. From the nature of the case, the debts of the United States must be non-taxable for State and municipal purposes. According to a decision rendered long ago by the National Supreme Court, and resting upon impregnable grounds, that would be so, independently of any special provision to that effect. Where exemption from National taxation is stipulated in addition, the United States receive an abundant equivalent in the increased price of bonds sold. But entirely defensible as this feature of non-taxability is, it is still an odious feature and can never be made otherwise. It exasperates the rural population, all of whose property lies open to taxation, and is almost everywhere heavily taxed. It is a

perennial source of heart burnings between the different sections of the country, inasmuch as the bulk of the National debt is held and always will be in one small section of it. But if it is not possible to remove the prejudice on this subject, however unreasonable it may be, it is happily possible to remove the subject matter of the prejudice by steadily paying off the public debt. So long as it exists, it will be the most mischievous of political irritants.

10. When rates of interest are high money can be borrowed most cheaply on long terms, because at such times lenders are apprehensive that rates will fall. But when rates are low money can be borrowed most cheaply on short terms, because lenders are then hoping that rates will rise. The 600 millions to be borrowed in 1881 to meet the bonds then falling redeemable, can be obtained at less cost on Treasury notes, or partly on call, by way of receiving popular savings on deposit, than it can be on long securities, and it is also true that the forms preferable in the aspect of economy are also preferable in the aspect of furnishing facilities to commerce and general business.

To these and other considerations, heretofore enlarged upon, we have now to add what seems a most important one, which is suggested by a circular issued in the latter part of October, by E. D. Morgan, J. J. Astor, Hamilton Fish, and other eminent capitalists and bankers of New York City. After stating what is quite within the truth, that the South is certainly not the owner of more than one-tenth of the National debt, these gentlemen further say :

If the United States intrusts the defence and maintenance of the public credit to that section which has least share or interest in it, or in the diversified industries and commerce which depend upon it, there will be real reason for apprehension. We cannot forget the origin of the public debt. The people of the once rebellious States do not forget that the debt was created in suppressing the rebellion. Even in the payment of debts contracted by themselves, and for their own advantage, Southern communities have not been conspicuous for their fidelity. Can it be expected that they will be more eager and scrupulous to pay, according to the letter and in any emergency, obligations created in putting down a rebellion which they made and sustained? The men who expect such a thing will not be thought sagacious by the civilized world. Nay, more; a transfer of all care of the public credit to a party politically controlled by, and dependent upon, the South, will seem to all the world little less than a public proclamation that the people of the United States are weary of protecting its credit and paying its debts.

With this circular, in its political party aspects, we have nothing to do. But in public aspects the matter is the gravest one ever presented to National consideration, if it is dangerous to admit the South to exercise power in this country, because the public debt is little held in the South and originated in a war to repress a rebellion in the South,

and if it is also determined that this debt shall be made perpetual by successive refundings. On that view of the case, the South must remain forever in a subordinated condition, and which might even be described as one of political outlawry. The certain dangers of such a position of affairs need not be expatiated upon. If the necessary effect of the debt, under the circumstances in which it arose, is to permanently exclude from power more than one-third of the States of the Union, it is the clearest dictate of sound policy to extinguish and get rid of such an element of sectional hatred and discord at the earliest practicable moment. Until that is done, we can have no safe Union and no genuine nationality. Nobody will be more quick to see that than the sagacious and distinguished signers of this circular, in whose case so many motives of interest in the public welfare combine to re-inforce the obligations of patriotism.

The situation has very marked peculiarities. The Southern States are urgently desirous that the public debt should be paid off and that there shall be no refunding of any part of it. To that end, they proclaim their readiness to submit to the continuance of all necessary taxation. During the last session of Congress, when this subject was considerably debated in the House, Messrs. Felton of Georgia, Mills and Jones of Texas, Samford of Alabama and Buckner of Missouri, made elaborate speeches in favor of an early payment of the debt and against all schemes of refunding it, and no speech was made on the other side by any single representative from that section of the country. On the resolution of Mr. Weaver, that the public debt ought not to be refunded, but should be paid off according to contract, the South voted with substantial unanimity in the affirmative. It is of no consequence why the representatives of the South adopt that policy. It may be, that in the present impoverished condition of their States, they believe that only a small portion of the import duties is paid there, and that they prefer to have the debt paid now, rather than be left to be paid in a greater proportion by their constituents hereafter. It may be that as they know that their States must rely largely upon the loan markets of the North for railroad development and other purposes, they are of the opinion that the payment of the public debt and the consequent liberation of the capital invested in it, will facilitate and cheapen borrowing transactions for public enterprises. Whatever may be the views which govern them, the fact remains the same, that they are now ready and desirous to maintain the revenues at a point which will pay off the National obligations, and that if the contrary policy of perpetuating the National debt by successive refundings is carried at all, it will be carried against their votes and against their strenuous opposition.

In respect to the proposition that it is necessary to condemn the South to an exclusion from power, until the debt originating in the Civil War is paid, or put in an assured course of payment, it belongs to the domain of party politics, and this magazine has no opinion to express upon it. But if the proposition is in itself a sound one, or if the South, whether with or without any sufficient necessity, is to be, in fact, excluded from power until the existing debt is paid, or put in an assured course of payment, we insist that it will be a grievous hardship, if a perpetuation of the debt is to be forced upon the South against its will. Without doubt, the debt is a more disagreeable object to them than it is to the North. It must be so, so long as human nature remains what it is. They feel the debt to be, in the language of Mr. Felton of Georgia, "*a sectional irritant.*" When they ask to be permitted to do their part towards getting rid of it by honest payment, it will be to the last degree ungracious, to insist that it shall not be paid, and at the same time to insist in addition, that until it is paid, neither the South, nor any party to which it adheres, can ever be safely intrusted with influence in the National councils. To insist successfully upon both those things will be to cut off the South forever from any possibility of recovering its equality in the Union.

SMALL INVESTMENTS IN BRITISH CONSOLS.

At the last session of the British Parliament, an act was passed to enable the Post-office banks to make investments in consols as small as £10 at any one time for any depositors who should direct such an appropriation of their money. Such investments are to be at the risk of the depositors, as to loss or gain, in the event of their ordering them to be sold. The following is an extract of a circular just issued by the Postmaster-General, to give effect to the act. "Any person will be able to invest, at any post office in the United Kingdom at which there is a savings bank, small sums in any one of the following Government stocks: Consols, reduced, or new three per cents. The sums so invested must not be less than £10 and must not exceed £100 in any one year, and the aggregated amount held by any one investor must not exceed £300. The following amounts will be charged for the purchase of stock, and these sums will include all expenses connected with the subsequent collection of dividends:

On stock not exceeding £25.....	9d.
Exceeding £25, but not exceeding £50.....	1s. 3d.
Exceeding £50, but not exceeding £75.....	1s. 9d.
Exceeding £75, but not exceeding £100.....	2s. 3d.

"The charges on the sale of stock will be at the same rates up to £100; for £200 it will be 2s. 9d., and for £300, 3s. 3d. The investment will be at the current price of the day on which it is made, and a certificate thereof will be sent to the investor by post. Similar arrangements will be made for sales of stock; and dividends will be collected by the post office and placed to the credit of the investor." As we understand it, the depositors receive, not the consols themselves, but the certificate of the Post-office Savings banks authorities, that they have so much invested in consols. The Government does not issue consol scrip of so small a denomination as £10.

It is not doubtful that the new act will increase the ownership of consols by persons of small means, and thereby tend to raise, and, most probably, to steady, their price.

The introduction of this new provision, leaves all the old provisions of the British Post-office Savings banks in full force. If persons wish to have the power of calling for their deposits, and without the risk of being obliged to call for them when consols happen to be low in price, they may do so, but in that case they receive a fixed rate of only two and one-half per cent. on their funds. If, on the contrary, they choose to order the purchase of consols, they will ordinarily receive rather more than three per cent., inasmuch as consols are ordinarily below par. They may also gain by a rise, or lose by a fall in consols, between the dates of purchasing and selling.

There is no reason why the Government of this country, so long as it continues to be a borrower and debtor, which will be many long years yet, should not receive the deposits of the people in small sums, repayable on demand with a moderate rate of interest. Such a system would stimulate thrift, by affording an investment for small savings, which would be absolutely secure, and at the same time leaving to the depositor the power of calling for his money at any time. The opposition to such a plan comes chiefly from a rickety class of Savings banks, established and carried on principally for the advantage of their managers. Men who are safe and upright, and who devote time and attention to institutions for savings from the benevolent motive of desiring to offer opportunities and inducements to thrift, never did and never will object to having the same thing done by the Government. They know very well that the impregnable guarantee of the Nation will attract deposits, which nothing else, however really reliable, ever will.

UNITED STATES BONDS AND THE NATIONAL BANKS.

The enemies of the National banking system flatter themselves that it will receive a grievous check, unless the United States bonds, redeemable in 1881, are refunded into some other description of long bonds. The language of one of them is: "Unless these 1881s be refunded into long bonds the National banks must go into market and buy one-fourth of all the present fours—which means that National banking will die a natural death from and after next year."

This is one of those cases, in which the wish is the father to the thought. It is of no consequence to the National banking system, into what form of interest-bearing obligations of the United States, bonds falling redeemable next year are changed. It may be long bonds, or treasury notes, or certificates of deposit, but in all events it will be a National security, and Congress can and will provide that any such security, at ninety per cent. of its face and market value, shall be accepted as the basis for the issue of National bank circulation. It is, of course, true, that if the bonds of 1881 could be paid off with cash existing in the Treasury, and without the issue of any substituted security, many National banks would be driven to a choice between withdrawing circulation, or purchasing the fours at a price which could not fail to be increased by any large and sudden purchase from that quarter. But the bonds of 1881 cannot be paid off in that way. The most that can be hoped is, that the accruing surplus revenues between this time and July 1, 1881, together with some cash which can then be spared from the Treasury accumulations, will reduce them to \$600,000,000. Whether they are then left in their present form, or in any new form into which it is possible to change them, they will be equally a basis for National banking.

Without doubt, it is one of the questions of the future, (but of a future so distant that this generation need not trouble themselves about it,) what is to become of our present banking system when the National debt is finally discharged in full. It is clear, at any rate, that no such monstrous proposition as that of perpetuating the debt for the mere sake of using it as a basis of banking is tenable at all, or can find any respectable advocates.

Theoretically, the period of the final discharge of the National debt will not be affected by the particular form which that portion of it falling redeemable next year may

assume. The leading advocates of the long-bond plan, take especial pains to declare their fidelity to the pledges of the sinking fund. What they say is, that, although long bonds cannot be paid off at pleasure, they can be bought up at pleasure, and there is no denying that they can be, with the qualification that holders can also fix prices at their pleasure. After all is said, the maintenance of such conditions as will promote the efficiency and usefulness of the National banking system must depend upon the temper of the public mind towards it, as reflected in the action of National and State legislatures and of those who perform the duty of valuing assessors for the purpose of local taxation. If, unmindful of the fact that the annual income upon the market price of Government bonds has fallen from fifteen to three and one-half per cent., and that the discount rates obtainable by banks have at the same time fallen largely, Congress shall refuse to mitigate taxes which were imposed under circumstances very different from those which now exist; if also, the State legislatures shall neglect to impose some efficient restraint upon the tendency of local assessors to overvalue National bank stock relatively to other property; and if, furthermore, even in commercial centers like the city of New York, where the indispensable utility of banks is recognized, it is impossible to arouse a local public opinion strong enough to protect those institutions against the injustice of clear and manifest over-valuation, the National banking system will be hopelessly crippled long before the National debt is paid off. It may not literally "die a natural death" before that, but it will lose before that, even if it has not already lost, the great feature of elasticity, or in other words, the power to adapt its issues to the wants of Trade. The freedom nominally given to banking by the Resumption Act of 1875, is practically destroyed by excessive taxation, National and local, and we may as well look the fact in the face, and make such preparation as we can to meet its consequences.

So far as the National banks are looking to Congress to relieve them of some part of the excessive National taxation which is weighing them down, they will be most likely to succeed in procuring a remission or reduction of the tax on circulation. We are quite aware that many persons, who possess and deserve to possess the confidence of the National banks, prefer to press for a remission of the tax on deposits, and we are neither disposed, nor do we think it worth while, to controvert the view that the tax on deposits is theoretically the most objectionable of the two taxes. But to use a phrase of Daniel Webster, it is always a most important thing, "to know what is practicable to be done," and with all deference to the opinion of others it seems plain to us, that vastly more votes can be obtained in Congress to remove, or mitigate, the tax on circulation. There

are large interests in this country, and many of them unfriendly to banks in general, which look with dread upon anything like a contraction of the currency. If they can be made to see, what is undoubtedly true, that the existing tax on circulation is directly calculated to bring about what they deprecate as a calamity, they may be persuaded to help to reduce it, not out of any good will towards bankers, but to avert what would be damaging to themselves.

But if it shall turn out to be impossible to get Congress to agree to take off any taxes which yield revenue to the Federal Treasury, they would probably have a less repugnance to relieving the banks of some taxes which yield revenue to the States and municipalities. To take off National taxes on the banks might draw after it the disagreeable necessity of substituting National taxes on something else. But it is not the especial concern of members of Congress to look out for the revenues of States and towns, and it is particularly true of the representatives of those sections of the country in which there are comparatively few National banks, that their constituencies would be very little affected, if the existing rights of States and municipalities to impose taxes on the shares in such banks should be curtailed, to the extent of deducting from the taxable valuation of such shares, all that portion of the capital of the banks which is invested in the loans of the United States. In the case of *Van Allen v. Assessors of Albany* (3d of Wallace), it was the opinion of three judges of the United States Supreme Court that under the National bank laws, as they now stand, such a deduction is already provided for. That may, or may not be, the proper construction of existing statutes, but there can be no question that Congress may now, if so inclined, make such a provision, and that it would reach a large part of the mischief which is calling so loudly for some remedy. As already noticed, the States in which the number of banks is small, would be very little affected as to any local interest by the enactment of such a provision, and that is also true of some other States in which the capital of banks is not locally taxed at all, or only very lightly. As to those States in which local revenue would be sensibly impaired by the proposed provision, it is generally true of them that they are friendly to the present National banking system, and could be easily persuaded to acquiesce in any measures which can be shown to be necessary to its efficient and successful working.

THE RESTRICTED SAVINGS BANKS OF MASSACHUSETTS.

Of the twenty-four Savings banks of Massachusetts placed under the operation of the Stay Law of 1878, all but two, the Foxborough and Nantucket, have been, either by the revocation or expiration of the restrictive order, restored to their full corporate functions. The names of the corporations restricted, the date of the order and of its revocation or expiration, are as follows:

	<i>Date of order.</i>	<i>Date of Revocation or expiration.</i>	<i>Length of time restricted.</i>
1 Brighton Five-Ct. Sav. B'k.	Mar. 23, 1878	Ex. Mar. 22, 1880	2 yrs.
2 Great Barrington "	" " Mar. 30, "	Ex. Mar. 29, 1879	1 yr.
3 Lawrence "	" " Apl. 4, "	Ex. Apl. 3, 1880	2 yrs.
4 Wellfleet "	" " Apl. 8, "	Ex. Apl. 5, "	1 yr. 364 ds.
5 South Boston "	" " Apl. 9, "	Rev. Mar. 2, "	1 yr. 328 ds.
6 Cape Cod Five-Ct. "	" " Apl. 15, "	Ex. Apl. 15, "	2 yrs.
7 East Boston "	" " Apl. 18, "	Ex. Apl. 18, "	2 yrs.
8 Charlestown Five-Ct. "	" " Apl. 18, "	Ex. Apl. 15, "	1 yr. 364 ds.
9 Seamen's "	" " Apl. 19, "	Ex. Apl. 18, "	2 yrs.
10 Bristol County "	" " May 6, "	Rev. Apl. 17, "	1 yr. 347 ds.
11 North End "	" " May 10, "	Rev. Apl. 29, "	1 yr. 355 ds.
12 Franklin "	" " May 14, "	Rev. Mar. 1, 1879	9 mos. 17 ds.
13 Union "	" " May 16, "	Ex. May 16, 1880	2 yrs.
14 Bass River "	" " May 16, "	Rev. Feb. 25, "	1 yr. 285 ds.
15 Fall River Five-Ct. "	" " June 10, "	Rev. Mar. 1, "	1 yr. 265 ds.
16 Citizens' "	" " June 11, "	Ex. June 11, 1879	1 yr.
17 Hyde Park "	" " June 14, "	Ex. June 14, 1880	2 yrs.
18 Fall River "	" " June 28, "	Rev. Apl. 3, "	1 yr. 280 ds.
19 Fairhaven Inst. for Sav'gs.	Oct. 28, "	Rev. Aug. 17, "	1 yr. 294 ds.
20 Weymouth Savings Bank.	May 20, 1879	Rev. Nov. 20, "	1 yr. 6 mos.
21 Ashburnham "	" " June 20, "	Rev. Nov. 1, 1879	4 mos. 10 ds.
22 Taunton "	" " Nov. 1, "	Rev. Apl. 17, 1880	5 mos. 16 ds.

The Foxborough Savings Bank was restricted April 30, 1878, and the Nantucket Institution for Savings, December 10, 1878. In the case of each of these banks the restrictive order has been renewed whenever it expired. The Restrictive Law was approved March 21, 1878, to continue in force three years. Unless it is renewed, which is said to be not probable, it will cease to operate after March 21, 1881, and the remaining Savings banks will have to put their affairs in order on or before that date. An accurate computation of the dividends lost to depositors in these institutions, would be impossible except by a laborious investigation into the accounts of each bank. The loss may be approximately estimated at two years' dividends at four per cent. per annum on the average liabilities of these banks for the past two years—about \$20,000,000—giving a total loss of income of about \$1,600,000. This is about equivalent to a "scale down" of five per cent. on the original liabilities involved at the time the banks were severally restricted.

these amounting to about \$30,000,000. If the loss proves to be no greater than that, it will have been demonstrated that the investments made by the Massachusetts Savings banks were, upon the whole, remarkably strong. The shrinkage in the prices of property, during the disastrous five years which preceded the restrictive law of 1878, was enormous, and the margin upon the loans made upon property by those banks, must have been very large.

It would be difficult to persuade persons who made deposits in Savings banks in 1871-2-3, and received them back in 1879-80, with a loss of two, three, or four years' interest, that they had really made no loss whatever, but had been large gainers by the operation. But if they will look around them they will see that there is scarcely any form of property which they could have purchased in 1871-2-3, which has not undergone a greater shrinkage in money valuation than their Savings bank deposits. This will help them to realize that there has been, during the two periods named, an appreciation in the value of money, of which, as depositors in Savings banks, they have had the benefit, and that this appreciation has been in many cases more than an offset for their losses, and has in all cases mitigated them.

INDEBTEDNESS OF BRITISH COLONIES.

The London *Economist* has had several papers upon the amount of the debts of all kinds of the British colonies and dependencies, and specially exhibiting the proportion of those debts which is held in England, and which, if not quite the whole, comes very near it. The annual revenue received by Englishmen from this class of investments is enormous, and they seem to rest upon a tolerably safe basis. Even if in some cases a "readjustment" of the rate of interest shall hereafter become necessary, no reduction below a remunerative point is at all likely at present. England has profited from these investments, in a National as well as an individual point of view, inasmuch as the colonies have in all cases realized their loans made in England, not in money but in merchandise, to the great advantage of English industries. This is true as to all the colonies, but most obviously so as to the Australian colonies, between whom and the mother country the flow of money is always to England and never from it.

Victoria, with an area of 88,000 square miles and a population in 1880 of 920,000, has a Colonial Government debt of £22,048,000, or about £24 per head. In 1860 when the

population was 537,847, the same debt was £ 5,118,100 or £ 9½ per head. There are also other debts. On that point, the *Economist* says: "In addition, there are a few city loans of small importance raised here, which, however, swell but little the amount of the remittances. But when we turn to the list of banks, land-mortgage and other joint-stock companies which have been started here to carry on business in the colony, the list is a long one, and it will be safe to estimate the total indebtedness of Victoria at upwards of £ 30,000,000, involving an annual payment to us of from one and one-half to one and three-quarter millions sterling, or about £ 1 16s. per head."

The exports of Victoria, out of which its foreign debts must be paid, amounted in 1878 to £ 14,925,707, in which wool, the principal item, figured for £ 5,810,148, and gold, the item of the next importance figured for £ 3,895,190. The wool export has increased immensely since 1850, when it was only 18,091,207 pounds. In 1878 it was 101,809,800 pounds. The export of gold fell from £ 8,350,859 in 1868, to £ 3,895,190 ten years later. The production of gold in the mines in 1855 was £ 2,793,065 ounces, but had fallen in 1878 to 775,272 ounces.

It is a favorable circumstance that the net revenue of the Colonial Government from its railroad investments was £ 662,558 in 1878. It is an unfavorable circumstance that during the last twenty-five years it has been using up large revenues from land sales. On that point the *Economist* says:

"The sum derived from land sales has fallen off greatly since 1857—the last year in which they realized over a million sterling. Victoria has now less than 40,000,000 acres for disposal, and, making deductions for such portions as may be regarded as worthless, it will be seen that the Victorian Government is approaching a period when those sales will contribute merely a nominal amount towards the revenues of the country."

No distrust is as yet manifested in London as to the safety of the securities of any of the British colonies, not excepting New Zealand, which is much the most heavily indebted. These securities have, in fact, been steadily rising in the English market within the past year. This rise may, it is true, be mainly due to the increasing abundance of loanable capital, but at any rate, there has been no such lack of confidence as to prevent the rise. If the colonies refrain from further borrowings, it will not be from the exaction of harder terms by the London capitalists, but because the colonial statesmen come themselves to the conclusion that their loans are already up to the limit of safety.

VALUE OF GOLD AND SILVER IN DIFFERENT PLACES.

It is often said that gold and silver, the metals of which coins are made, have the same value the world over. If that was true, it is not easy to see why either of them should ever move from one country to another, since the expectation of a better price is the only rational inducement for incurring the expense and risks of moving them. Even in the case of the payment of debts, due from one country to another, there can never be any reason for sending gold and silver rather than some other form of merchandise, except that those metals have, at the time, a better command over commodities in the country to which they are sent than in the country by and from which they are sent.

The value of gold and silver, like the value of everything else, is determined by the proportion between their supply and the demand for them. There is no reason for anticipating that this proportion will be everywhere the same, and we know as a matter of fact that it is not so. In the case of the outflow of gold and silver from the mining countries which produce them, we readily apprehend that the cause is their smaller value, resulting from their greater abundance, as compared with the situation in other parts of the world. In the case of their movement between countries without mines, the cause is the same, although less obvious.

We can easily see why it is that in such marked cases as those of California and Australia since the gold discoveries, the flow of that metal is steadily outward, and never inward. Countries in which that metal is scarcer and more wanted, can always sell their wares in the Australian and Californian markets at prices which will operate as a fixed and constant drain upon the gold which is in circulation. The utmost effect of any artificial restriction upon this drain would be very temporary. As the gold began to heap up in those markets, prices in gold would rise, until the attraction exerted upon it by the cheaper merchandise of the foreigner became at last irresistible. In an earlier age, when the laws of commerce were less understood, Spain, as the sovereign of the American gold and silver-producing countries, and as the first receiver of the yield of their mines, endeavored to retain it all herself, by prohibiting its export. But it disappeared, in spite of all fiscal regulations, from Spain, where its superabundance made general prices high, to every other place in which prices were lower.

Silver has flowed to India from Europe for certainly two thousand years, which can only mean that it is permanently

worth more in Indian markets than it is in European markets.

Travelers tell us that St. Petersburg is so much more expensive a city to live in than Stockholm, that they can command in the latter place the things which they commonly want for about one-fourth of the gold, or silver, which would be required to be paid in the former place. It is true, of course, that a pound of gold, or of silver, undergoes no change in its chemical, or mechanical attributes, by a transfer from the Russian to the Swedish capital, but it undergoes an enormous change in its purchasing power over the average of the things and of the services which travelers ordinarily require.

If any one will visit the attractive and fertile island in the Gulf of St. Lawrence, known as Prince Edward's Island, he will find there very considerable numbers of British army and navy officers on the retired and reduced pay lists, and of other British annuitants in the enjoyment of fixed incomes derived from consols, or charged upon landed estates, who have crossed the ocean to find an agreeable residence under the British flag, where they can live better than at home for the same money. They may read in books that gold and silver have the same value everywhere, but they practically know that with equal quantities of gold and silver they can get more of what they want in Prince Edward's Island than they can in England. In former times, it was the familiar practice of British inheritors of badly incumbered property to "*nurse their estates*," as the phrase was, by a residence, longer, or shorter, as the case might call for, on the Continent of Europe, where living was much cheaper, relatively to the cost of living in England, than it is now.

Not only is it true that the value of money is different in different countries at the same time, but it is furthermore true that it is never exactly the same at the same time in all the places within the country in which it is issued. It is sometimes claimed for the pound sterling, by way of a pre-eminence over all other forms of money, that it is equally a pound sterling in any quarter of the globe. Nothing can be truer than that, but nevertheless a pound sterling will never on the same day, exchange for the same amount of commodities, or for the same amount of services, in all cities, towns and parishes, even within Great Britain and Ireland. Dr. Johnson is reported as having complained more than one hundred years ago that there were "*no longer any cheap places in England*." In saying that, the worthy doctor gave a hasty expression to his irritation at finding certain places dear, which at anterior periods he had been accustomed to know as cheap. If he had extended the range of his inquiries, he would have learned that there were then many "*cheap places*" still left in England. There is a

constant tendency to an equalization of prices within the same country, and the force of that tendency is augmented by an increase of the facilities of intercommunication. But to-day, wonderfully as those facilities have improved since Dr. Johnson's time, it is still true that prices and wages are not the same in all localities within the British islands. The following is an account of the Shetland islands, and among other things of their hosiery trade, recently given in the correspondence of the *London Times* :

Besides shawls, veils, and scarfs, the manufacture includes hose, gloves, "mitts," caps, and underclothing. The export trade is considerable, the amount of hosiery of different kinds sold yielding from £10,000 to £12,000 a year. A very small proportion of this money, however, goes to the knitters, who are but seldom paid in cash for their work. They dispose of their goods to the merchants almost entirely by barter, receiving groceries and other necessary articles in exchange for their handiwork. As might be expected, the prices of hosiery articles in Lerwick are lower than in Edinburgh or in London. I was told by one of the chief merchants in Shetland that the most elaborate piece of work he ever sold was a shawl which fetched £3. It was the work of two girls, and it occupied them six months, whence it may be inferred that the earnings of the knitters are very small. An industrious worker has difficulty in making more than 6d. a day. The knitting-women are fond of dealing directly with visitors when they get a chance, as then they are sure of turning their labor into cash.

How much the two girls received for their six months' work in making a shawl which the purchasing merchant himself sold with his profits added for £3 or \$15, must be left to the imagination. The story almost rivals those which are told us of the meagerness of the pecuniary remuneration of the patient toilers, who produce the shawls of India. There are other out-of-the-way places in Great Britain, besides the Shetland islands, in which money has a command over labor which would hardly seem credible to persons living in London or Liverpool. In the west of Ireland, it is even worse, as labor is on the spot substantially unsalable, and those who have it to dispose of must cross the Irish Channel to find a market. But we have no need to look abroad for examples which are so abundant at home, of the diversity of the prices of commodities and services, and especially of services, at different places in the same country.

Those who find it a little difficult to admit that gold and silver do not have everywhere the same value at any given time, nevertheless know familiarly that lands, houses, labor and commodities do not everywhere command the same prices at any given time. If they will reflect upon it, they will, however, see that it is in prices of land, houses, labor and commodities, that the value of money is expressed, and measured. There can be no other intelligible idea of the

value of a dollar, pound, or franc, than an estimation of what it will exchange for in the markets. In the sense in which the word is used in economical discussions, value signifies always value in exchange, and price is the expression in terms of money of the ratio of exchange between property of various kinds on one side and money on the other. Money, therefore, cannot be of the same value in all places at the same time, because prices are not and can not be at the same range in all places at the same time.

I am quite aware that there is a slight degree of inaccuracy in speaking of gold and silver as if they were the same thing as money. Strictly, the precious metals are money only when they are coined, the only important exception being China, where they are current by weight. But they are the general money metals of the world, and the facility of converting them into money, by procuring their coinage at will, has been sufficiently universal to give them the value of money, or of a close approximation to it.

While it is by no means true that the cost of a commodity necessarily determines its price, there is nevertheless an intimate relation between its cost and price. Other things being equal, we may well enough assume that its price will be the least, where its cost is always the least, that is to say, in the place of its production, and that its price will be higher in other places, in proportion to their distance from, and difficulties of communication with, the place of production. Of many bulky and heavy articles, their cost in the markets in which they are sold consists more in freighting, than in originally producing them, and the cost of moving them to one market is materially different from the cost of moving them to another. The charges of various kinds of transporting even those articles which are the most easily and cheaply transportable, are very considerable. Thus, even if international commerce was absolutely free, and if the cost of moving commodities from one country into another was not augmented by tariff duties, it is impossible that they should be so moved without increasing their cost, and unless their price was correspondingly increased, such a movement of them would be a wholly irrational proceeding and would never occur. The same principles apply to the movement of commodities from one place to another within the same country.

When we gauge the value of money by its relation to services, or in other words, by its command over labor, there is really no other essential reason to expect that services or labor will bear the same money price, or the same price in anything else, in different countries and places, except the two facts, that laborers ordinarily have a greater or less degree of freedom to migrate from one country or place to another, and that they always have an inducement to go

where labor is the best paid. Looking to those facts only, economical writers sometimes describe labor, as if it possessed the fluidity of quicksilver, and moved instantly from place to place with the slightest change in the level of wages. But actual laborers in flesh and blood, are something very different from labor in the abstract as it is discussed in books. Actual laborers may be ignorant of the higher wages they might get elsewhere, or be destitute of the means to reach the places where such wages are reported to be attainable, or be restrained from leaving their old homes by a thousand ties difficult to break. Comparing places, and even places not separated by any wide distance, in the same country, where migration is not restrained by intervening oceans, new and dreaded climates, or diversities of language, religion, and customs, we know well that the fluidity of labor is so imperfect that its remuneration is not uniform, whether reckoned in money or in the things which laborers purchase with money. Much less can it be made uniform by migration between different countries and different continents. The most that can be said about it is, that the power, such as it is, of laborers to move from place to place, tends in some slight degree to reduce the inequality of the remuneration which their services command in different localities. A variation from the par in the exchanges, of so little as one-fourth of one per cent., will start the flow of gold from Paris to London or *vice versa*, and will keep up the flow until the variation is corrected. But it requires an enormous variation in wages between one country and another to start the flow of laborers, and even when it is started, it is never on a scale sufficient to bring wages to a level.

The tendency to an equalization of money prices in different countries, which arises in the case of commodities and labor, from the possibility of transferring them from one place to another, does not exist at all in respect to lands, by which term, it is here intended to cover the whole range of property connected with real estate and the immovable structures erected upon it. There is, to be sure, an influence exerted by the price of agricultural lands in one country upon the price of such lands elsewhere which are devoted to the production of the same crops, in those cases in which the crops themselves come into any degree of competition with each other. But this influence is very remote and indirect, and falls immeasurably short of actually equalizing the prices of lands in the case supposed. Without doubt the rents, and therefore, the price of wheat farms in England, are in some slight degree affected by the two facts that their crops come into competition with the crops of the American North-West, and that these last are indebted in part for the low rates at which they can be sold to the abundance and cheapness of the lands from which they are

produced. We know, nevertheless, that the difference in price between lands of the same quality in England and Minnesota still remains enormous.

Upon a review of the whole case, it is obvious, that of the aggregate of the objects of human expenditure, it is only a very small proportion in respect to which it can be said that the causes tending to produce an equalization of prices in different countries are of much efficiency. It is limited to a few commodities of little weight and bulk; relatively to their value, which can be transported at a small cost, and even as to them there is required the additional condition, by no means a usual one, that the price in the importing country is not raised by tariff taxes. The tendency to an equalization in the rent of land and houses is so slight as to be scarcely appreciable. The tendency to an equalization in the price of services is somewhat stronger, but under the most favorable circumstances operates very feebly and very imperfectly.

The fact that gold and silver, instead of having a uniform value everywhere, never have the same value in all places at any one time, any more than they have the same value at all times in any one place, is productive of many consequences of the first importance to mankind. I only propose now to make a few very brief observations upon one of these consequences, which is, that as between countries which are sufficiently civilized to protect and maintain industries, there must be a perpetual flow of the precious metals to those countries in which labor is the cheapest. This consequence has shown itself most constantly, and over the longest period of time, in the commercial intercourse between the Western World and the vast and industrious populations of Eastern Asia, which is supposed to contain two-thirds of the human race. A steady feature of that intercourse has been a flow of gold and silver, and especially of silver, from the West to the East, of which the effects have already been at many periods very alarming, and of which the future consequences, in possible contingencies, may be still more alarming. It is only the fact that the Western World is able constantly to recruit its metallic supplies by mining, which enables it to withstand the exhausting effects of the Asiatic drain, and to escape the disasters to industry which never fail to attend a shrinkage in the volume of metallic money. It is obvious that this immunity of the Western World rests upon a dangerously precarious foundation, inasmuch as it depends upon the uncertain results of mining, and it has had in the first half of this century the actual experience in Europe of being brought to the very verge of social and political disorganization, by the failure of the current supplies of gold and silver from the mines to maintain them in sufficient stock. It is well established that during

the forty years beginning in 1809, the diminished yield of gold and silver in consequence of revolutions in Mexico and other Spanish-American countries increased the value or purchasing power of metallic money in Europe enormously (according to Jevons, 145 per cent.). It was the resulting misery of the people which caused the wide-spread social and political outbreaks of 1848 on the continent of Europe, and which was at the bottom of the Chartist agitation which existed in Great Britain in 1848 and had existed there for many years prior thereto, although restrained by the great power of the English Government from culminating in actual revolution. If there was ever any doubt as to the main cause of the industrial distress and political violence in Great Britain and on the Continent of Europe during the thirty years ending in 1849, the doubt ought to have been dispelled when the world saw what event it was which revived industry and ended agitation.

Under the head of "Chartism" in the American Cyclopædia will be found the following account of its rise and collapse :

Chartism, as a distinctive political creed, took its rise in the wide-spread distress and popular disappointment that followed the adoption of the reform bill of 1832. The movement in favor of Chartism was attended in many instances by popular outbreaks and riots, which were promptly suppressed by the government, and many prominent Chartists were imprisoned and transported. The last disturbances occurred about the time of the French Revolution of 1848, since which time Chartism as an organization has gradually died out, the last public meeting having been held in 1857.

This extract is made for the purpose of fixing dates, and not at all for the purpose of adopting and indorsing its suggested explanations of the rise and fall of Chartism, which are to the last degree puerile. The "wide-spread distress" in Great Britain, which stimulated and sustained Chartism, instead of following the Reform Bill of 1832, preceded it, and was the true cause of bringing into power the political party which passed that bill. Changing the methods of representation in the British House of Commons had, of course, no tendency to remedy the distress resulting from a rise of 145 per cent. in the purchasing power of money within the limits of a generation, and if anybody hoped that it would have, they were doubtless disappointed. As to the breaking out of the French revolution of 1848, its natural effect must have been to encourage and stimulate British Chartism, and not to repress it. Chartism "gradually died out" after 1848, not because Louis Phillippe was succeeded in France by a short-lived Republic, but because the then discovered mines of California, soon reinforced by those of Australia, revived the distressed industries of Great Britain, and indeed of the whole Western World. This revival may or may not prove

to be only a temporary respite. What we know is, that the causes of the Asiatic drain of the precious metals are, according to all appearances, permanent. What we do not know is, whether the fortunes of mining will be sufficiently propitious to enable the Western World to endure that drain.

GEO. M. WESTON.

November, 1880.

RAILWAYS IN INDIA.

According to the report of the India Government officials, the number of miles of railroad open to traffic on the 31st of March, being the end of the India fiscal year, 1879-80, was 8,611, of which 2,361 miles were built by the Government, 175 miles were built by the native Princes, and 6,073 were built by private companies under a Government guarantee of five-per-cent. dividends. During the year only 395 miles of new railroad had been opened, and this included the new road being built to Candahar, chiefly for military purposes. 6,693 miles are on the standard India gauge of five feet, six inches, and 1,918 miles are on narrower gauges.

The net revenue from the guaranteed lines was £5,062,188, as compared with £5,002,028, for the previous year. This net revenue more than provided for the guaranteed dividends, and from the excess there was paid over to the government the handsome sum of £313,955. As we understand the arrangements under which these private-company roads were built, the excess of net revenue in any given year, beyond the guaranteed dividends, is divided equally between the Government and the companies, provided always that the Government must first be re-imbursed any sums it may have paid in previous years for deficiencies of the net revenues to meet the stipulated rate of dividend. It is another part of these arrangements that at the end of one hundred years from the completion of their construction, the roads shall become the absolute property of the Government without payment. That is the French system of dealing with railroads, and is a much more thrifty mode of bargaining with them than has ever been practiced in Great Britain or in the United States.

The capital invested in the guaranteed lines is £97,327,851, which is represented in part by £67,027,385 in stock and debentures, and in part by an annuity of £1,473,750 terminable in seventy-three years, into which the capital of the East India Railway was recently converted. Of the holders of the stock and debentures, 59,084 are registered in England, and only 301 in India, and doubtless that is pretty nearly

the proportion, among the holders of the East India Railway annuity.

Upon the Government railroad £ 24,403,797 has been expended, of which there was expended during the last year £ 4,505,587. The gross revenue of these roads last year was £ 1,465,824, but the expenses were £ 1,155,416, which left only a very meager return for the capital invested.

LAND-MORTGAGE BANKING IN AUSTRO-HUNGARY.

The Austro-Hungarian Bank seems to carry on a considerable and increasing business in land mortgages. The amount of its loans of that kind, which was sixty million florins in 1873, had increased to 100 millions in 1876, and stood at 107 millions at the end of 1879. The Austrian florin is about forty-eight cents. The business would appear to be one which is very acceptable to the bank, and which it is very reluctant to see diminished. Its rate of interest has heretofore been six per cent., with an additional one per cent. paid annually to sink the principal, or for what the Europeans more commonly call the "amortization" of the debt. Observing that its loans were falling off on account of the better terms offered to borrowers by the private land-mortgage banks, it came to the resolution in September, while still offering six per cent. loans as formerly, to offer also five-and-one-half and five-per-cent. loans, and on the two last classes of loans, to reduce the "amortization" from one to three-quarters per cent. The reader will naturally conclude that if loans are offered at varying rates, the borrowers would universally accept the lowest one, and that that would be in practice the sole rate. This would be so, if money was the thing loaned, but the mystery will be solved as we examine more particularly into the doings of many of the land-mortgage banks of Europe, and which are known in Paris as *Credit Foncier* establishments.

The Austro-Hungarian Bank lends no money upon mortgages. When it makes a six-per-cent. loan upon the security of lands, it is in the shape of its own five-per-cent. bonds, or in other words it sells its credit at a commission of one per cent. per annum. Selling credit is as seductive to bankers as *fiat* money is to politicians. It is not exactly getting something for nothing, but it is getting something without, for the time being, parting with anything, and with only a remote liability of being ever called upon to part with anything. The transaction, as we have described it, is also an acceptable one to the borrower. He gets what is

convertible into money readily and without loss, and the bank always agrees to accept its own bonds in payment of his debt. What it now proposes to do, when it makes a five-and-one-half per cent. loan, is to furnish a four-and-one-half per cent. bond, and when it makes a five-per-cent. loan, is to furnish a four per-cent. bond. In all the cases, it gets the same commission of one per cent. per annum for the use of its credit. In respect to the loans of five-per-cent. bonds, it proposes now to insist upon the new condition, that the borrower shall allow for them, not their nominal or par value, but their actual value in the market which is between 103 and 104.

We have said that these bonds are readily convertible into cash, but the borrower is not put to the trouble of making the conversion, and in fact he is not allowed to make it. The bank does that and charges a half-per-cent. commission for doing it, and possibly fairly earns the commission by doing it at a better advantage than the borrower could. But the commission is nevertheless a comfortable and comforting one, and increases, by so much, the attractions to the bank of the business out of which it grows.

THE EGYPTIAN AND TURKISH DEBTS.

The currents and cross-currents of European politics are difficult to be understood on this side of the Atlantic. We know, for example, that the European receivership of Egypt, or what may perhaps be more properly described as the Anglo-French receivership of Egypt, inasmuch as France and England exclusively originated it and now chiefly control it, is viewed with very different feelings by different classes in England. British holders of Egyptian bonds, of course, exult over it, but there are other persons in England who regard it with jealousy, because they think that England should admit no partners into the control of a country which commands the Suez Canal route to India. This same diversity of opinion manifests itself whenever the proposition to establish a receivership of Turkey is mooted. In Paris, the holders of Turkish bonds are omnipotent, and force the French Government to support the scheme. In London, the holders of those bonds are numerous and influential, but by no means omnipotent. There is the same English jealousy, in respect to a divided ascendancy in Turkey, as crops out in respect to Egypt. The Suez Canal is not the only possible route to India. A railroad to and down the valley of the Euphrates is one of the ideas of the present day, and that must go through Turkish territory.

The French bondholding party, it seems, are talking, in connection with a receivership of Turkey, of transferring the present complaisant Khedive of Egypt to the Sultan's throne at Constantinople. This provoked the following outburst of wrath from the London *Spectator* of October 16th: "A rumor has reached London which for several reasons deserves notice. It is stated, with some authority, that the Powers concerned believe that peace in the East would be more strongly secured if the line of Othman, which is worn out, were finally deposed. It would be replaced by the family of Mehemet Ali, of Egypt, and Ibrahim Pasha's dream would thus be realized. Tewfik Khedive has given satisfaction to Europe, and he would have the advantage of bringing with him an obedient and effective Mussulman garrison for Constantinople. It is, we believe, true that this plan has been considered, and it would probably secure better government for Asiatic Turkey, a most important part of the great question. It would not, however, satisfy the Balkan peninsula, where a Christian suzerain is required, and it might plunge Europe once more into the cesspool of agio. Already, the old French Ring, which has made so much in Egypt, is pressing the Government in Paris, to make the interest of the bondholders its first point—that is, to pillage the Eastern world for the benefit of usurers, who lent money to a despot at from ten to forty per cent., and now want European security for their gains. They have no moral claim to one shilling not voluntarily paid them by the debtor, whose faithlessness they discounted.

"Gordon Pasha, who is returning from China to England, evidently does not believe that Egypt is regenerated. In a letter written in the Red Sea, he declares that slave-hunts still go on in the Soudan, that rescued slaves are merely handed over to Egyptian masters, . . . and he adds the frightful statement, that 'two-thirds of the people of Darfour have been led into slavery.' Such a statement made by such a man would, ten years ago, have elicited a tempest of indignation; but the Khedive, taught by experience, now pays the interest on his bonds, and if he sold slaves in the Grand Mosque of Cairo would find pens in Europe to defend him. . . . Certainly, if the Sultan would impose a tax on slaves and give half of it to the bondholders, slavery would be described as 'that ancient institution which, in the Oriental world, produces no horrors, but only operates as a mild but effective Poor-law.' There is no guarantee for a throne like a debt contracted on usurious terms, and 'held strongly' by capitalists who can influence politicians."

FINANCIAL AFFAIRS IN EUROPE.

The following is a statement of the metallic reserves (nearly all gold) of the Bank of England at the several dates named :

October 6.....	£27,361,588	....	November 3.....	£27,340,699
“ 13.....	27,611,322	....	“ 10.....	26,591,699
“ 20.....	27,958,559	....	“ 17.....	26,297,699
“ 27.....	28,297,399	....	“ 24.....	26,949,699

Of the £ 957,000 lost by the bank during the week ending November 3, the London journals say that £ 385,000 was taken for Egypt, and nearly all the remainder by the Scotch banks. Of the loss of £ 749,000 during the week ending November 10, they say that £ 110,000 was taken for South America, £ 400,000 for Paris, and about £ 240,000 for North America, in which last sum was included £ 100,000 for Canada.

The bank rate of discount remains at this writing (Nov. 26) unchanged, and the rates of interest in London, especially at call or on short notes, continue at the lowest point. At the last sale of exchequer bills, none were offered except on three months, and they were sold at a discount of $1\frac{3}{4}$ per cent. per annum.

The present low rates of interest in London may arise, either from an abundance of unemployed capital, or from an unusual lack of demand for it. It is imputed to the latter cause by the *Bankers' Magazine*, *Economist*, and some other London journals. The *Economist*, of Nov. 6, says that “there are symptoms that the supply of ready cash is not really redundant,” and it ascribes the rise in consols to the “absence of speculation and general slackness of trade.”

To those who believe that there are hundreds of millions of sterling money always lying idle in London, as is often loosely affirmed to be the case, it will seem strange that there should ever be a money famine in that city. But the truth is, that there is no place in the world where the contrivances of the credit and banking systems are pushed so far, and where such a vast superstructure of transactions rests upon such a slender basis of actual cash. What is called the “reserve” of the Bank of England, and which is a very different thing from what is understood by that term in this country, never much exceeds what it owes to other banks and bankers.

The (London) *Mercantile Gazette*, of October 15, says: “It has been estimated by a London banker, who is also in the first rank of political economists, that the surplus of

unemployed money in the city is seldom more than two millions sterling. The savings of the nation, immense as they are, when not directly invested by their owners, are deposited with banks all over the country, and after the tills of the local bankers are supplied make their appearance in the London market. There, until permanently invested, they are mainly employed in loans and discounts by the large dealers in money, such as banks and discount houses. 'It is only a very small surplus which ever remains really unfruitful.' Those who hold money will lend it, on good security, at a very low rate, rather than let it be idle. After all, should there remain a balance, they hardly increase the amount in their private tills, but pay over the excess to their accounts with the Bank of England. If it should happen—and it may some day happen—that the outside banks of London decide to withdraw their accounts from the Bank of England, and keep their own reserves, it would appear at once that the cash reserve of the bank has been little, if at all, larger than the amount of the bankers' balances there kept. A million or two, therefore, becomes a very important amount in the present constitution of the London money market."

The high price of consols, which now occasionally touch par and the accrued dividend, which has not happened before since 1853, revives the discussion in London of the possibility of reducing the rate of interest on those securities to (say) $2\frac{1}{2}$ per cent. Opinions seem greatly divided upon it.

The metallic reserve of the Bank of France stood as follows at the dates named :

		<i>Francs in gold.</i>	<i>Francs in silver.</i>
October	7.....	684,379,150	1,253,032,076
"	14.....	603,668,899	1,250,157,979
"	21.....	580,698,928	1,248,948,272
"	28.....	572,868,964	1,248,980,052
November	4.....	569,273,885	1,247,471,244
"	11.....	567,993,385	1,247,128,244
"	18.....	563,938,385	1,239,023,244

The determination of the Bank of France to pay out gold without reserve, has not been followed by any increased drain of that metal, but rather by a diminished drain. It is true that raising the rate of discount from two and one-half to three and one-half per cent. must have aided in checking the outflow of gold, but it is not doubtful that the return of the bank to the policy of recognizing no distinction between the two metals, which is the only sound and practicable policy in a bi-metallic country like France, assisted towards the same end.

The Paris correspondence (October 28) of the London *Economist* says: "One good effect produced by the bank paying out its gold freely is, that the changers and bullion

dealers cease to purchase gold coin at a premium, and it consequently finds its way back to the bank in the course of business."

The rise in the rate of interest, which was made by the Bank of France on the 14th of October, was followed very quickly by a rise in the rates of interest and a fall in the prices of securities in the open market. The Paris correspondence (November 4) of the London *Economist* says: "Buyers at the settlement had to submit to harder terms for carrying over purchases than they had been accustomed to. The contango on *Rente* on the 2d instant ruled from four and one-half to five per cent., or more than the interest on the stock, but speculators who deferred their liquidation to the second day had to submit to still greater exigencies. Nearly six per cent. had to be paid for the continuation of the five per cents, and the rate for miscellaneous securities rose to eight and ten per cent. All securities drooped in consequence, and *Rente* fell thirty or forty centimes each day. To-day there was a partial recovery, but most securities are still below last week's prices."

The export of gold from Europe to this country continues, and has recently rather increased after a temporary lull. In the actual course of trade between the United States and Europe, and in the actual condition of comparative prices here and there, there is not visible any present reason why this drain should not continue. The European demand for breadstuffs, since the harvests, has been unexpectedly large, and our merchandise exportation of all kinds is still on an enormous scale. But as it is impossible that Europe can submit to a much further loss of gold, we must expect that measures will be taken by the great banks there to put an end to it. The Bank of France has already taken a step in that direction, and it cannot be long before the Bank of England will follow suit. France and England are too rich to think of a suspension of coin payments, and as there is only one way to prevent it, which is to make money scarcer in their own markets, so as to affect the balance of trade between themselves and us, in both merchandise and securities, we may be sure that they will finally resort to that method. They have always done so heretofore in similar emergencies, and there is nothing else which they can now do. American securities are owned in abundance in Paris and London, and the sale of them here can be forced whenever the Banks of France and England determine that the necessity for it has come.

Whether more American stocks and securities have been marketed abroad than have been purchased abroad, during the year past, is a doubtful question, and there are no means of determining it with certainty. It seems to be the impression in Wall street, that the balance of the flow of stocks

and securities has been outward and not inward, but the opinions of individuals upon such a point are apt to be based upon a few facts which happen to come under their observation, and may be very erroneous. There is no doubt at all that the bonds of the Government of the United States have been sent here for sale in large quantities during the past year. In the money article (Oct: 19) of the *London Times*, surprise is expressed that exchange continued against England, while "very large amounts of bonds have been sent to the United States." A month later (Nov. 20) it was stated by the *London Economist*, in explanation of the rise in the British market of the United States four per cents., that they were being purchased up "for transmission to America." Looking to the comparative prices for a year back in the New York and London markets, it is difficult to believe that, taking the whole range of American stocks and securities, much more can have been sold than have been bought abroad.

It was reported several weeks ago that the German Bank had decided to publish the proportion of silver in its metallic reserve; but it has not yet done so. It continues to be said, however, that the actual proportion is rather more than two-thirds.

A Vienna letter says: "The German Press continue discussing the question of recommencing the sale of silver. Bimetallists maintain that the sale of silver has ceased once for all."

Per contra, at a meeting in Berlin, about the middle of October, of persons styling themselves "The Congress of German Economists," it was resolved as follows: "When the changes and the natural laws in the international movement of the precious metals have been well observed, the only possible conclusion is that a return to a double standard, or any change from the pure gold standard, is absolutely impracticable; and that the stopping of the sales of silver must be considered in the light of a real danger to Germany's monetary and banking business."

Recent reports from Rome seem to give some importance to statements which have been made from time to time, during the past year, that the Italian Government is seriously meditating a return to coin payments. The Ministry is said to have prepared a bill to be submitted to the Parliament as soon as it re-assembles. The plan may be roughly described, as that of a loan of \$120,000,000 to take up two-thirds of the paper now in circulation. The expectation is that for the remaining one-third, redeemable circulating Treasury notes, like the American "greenbacks," may be substituted. As it is not to be supposed that Italy could sustain a contraction of its money to the extent of \$120,000,000, it must be further expected that a correspond-

ing importation of gold or silver, will be made. On this last aspect of the case, the London *Economist*, of November 6, says :

"The operation of resumption is proposed to be carried out within the next two years, but details are still wanting as to the standard that is to be adopted. Obviously, this latter point is one of great interest, for, if a single gold standard be adopted the competition for existing supplies of the metal, already sufficiently keen, will be intensified, while, if silver be largely used in the Italian currency some of the present superabundant stocks will be worked off."

We presume that there can be no question that if Italy resumes at all, it will be on that form of the double standard to which it is bound by treaty as a member of the Latin Union. In other words, the standard will consist of the two metals, while it will still be a standard of gold in the sense that the silver part of it will be kept at a gold valuation by a restriction of the coinage. Whether an Italian resumption on this plan will lead to a further demand for silver, will depend upon whether the silver coins required are obtained by importing those which now exist in France, Belgium, and Switzerland, or by striking them from new silver bullion to be purchased for that purpose. That will depend upon arrangements which Italy can make with the other members of the Latin Union, but it may safely enough be assumed that the proposed operation will be made in part by purchases of silver bullion.

L'Economist Francais, of November 6, replying to the request of a correspondent that it would discuss the effect of a coin resumption in Italy upon the prices of merchandise in that country, disposes of the matter summarily by saying :

"We will attend some day to that question, but we believe that many months yet, and perhaps many years, will pass away before the forced circulation of paper in Italy is suppressed."

It may be inferred that French confidence in an Italian resumption is not very strong.

GOVERNMENT SAVINGS BANKS IN INDIA.

On the 1st of last January, the Government of India enlarged the maximum of deposits allowed to be made in any one year in the Government Savings banks to 5,000 rupees, or about \$ 2,500. The interest paid is four and one-half per cent. Banks and bankers in India complain bitterly of this as an interference with their business. The following is one of the rules of the Government Savings banks: "On the written request of any depositor, his balance, or any part of it, will be invested by the comptroller-general in his own name in trust for, and at the risk of the depositor, at current market rates, in stock of any loan which he may specify."

THE REGION OF THE PLATE.

[FROM THE SPECIAL CORRESPONDENT OF THE LONDON TIMES AT BUENOS AYRES.]

The early Spanish adventurers who came to this country, attracted by its name of "La Plata," or silver, were soon undeceived as to the existence in any great quantity of those precious metals which were the main object of their eager quest. . . . But the vast plains between the Andes and the Atlantic Ocean offered no other wealth to the invaders' covetousness than their soil and the scattered native tribes who were made to do the strangers' work and minister to their wants. When the colored men were either trodden down or enslaved, or driven to the farthest solitudes, the Spaniards, who became the undisputed masters of the boundless territory, hardly knew how to turn it to useful purposes, and did not for a long time attach as great a value or importance to these southern possessions as they did to their settlements among the golden fields of Mexico and Peru. They, however, stocked these wildernesses with herds and flocks, which they imported from their native peninsula, and which, favored by rich pastures and tended by Indian thralls, spread and multiplied with amazing swiftness, and roamed at large over the land in wild freedom, ousting the bizcachas, or prairie dogs, and the other numberless species of rodents which had been for many centuries the undisturbed tenants of the Pampas or prairies. By the time in which these colonies aspired to the dignity of independent States and proceeded to the emancipation of their colored bondsmen—*i. e.*, at the beginning of this century—large tracts of land had already been parceled among the early settlers and their descendants, and the scattered cattle were gathered together in *estancias*, or grazing farms, to which the right of ownership was claimed and acknowledged. These countries had thus attained the second stage of civilization—pastoral life. But this could not at that epoch have made very considerable progress, as we are told that the population of the Argentine Republic in 1809 did not exceed 409,000 souls, a large proportion of which were crowded in Buenos Ayres and the other cities.

With the emancipation of the country its colonization began, and a tide of immigrants set in, which, according to official accounts, amounted in twenty-two years to 550,000 souls, and which with their families and descendants may be presumed to constitute now at least one-half of the population of the country, and to be in possession of half its wealth and its trade. Though a large number of these intruders live by a variety of employment in the cities, doubtless a considerable proportion are at work in the country as herdsmen or husbandmen. The advancement of the country from a merely pastoral to an agricultural community was in the main owing to these aliens, and its results are so satisfactory that, if we rely on the same official reports, this Republic, which was not many years since often dependent on foreign countries for her supplies of corn and flour, has in its turn become an exporter of wheat and maize; 4,188 tons of which were shipped off from the port of Rosario alone—the main center of foreign colonization—in 1878. In the following year, 1879, the export from the whole country was 30,000 tons of wheat and 40,000 of maize.

The country is immensely rich, and its wealth is every day attaining fresh development. The Province of Buenos Ayres, as I said, is the center of all movement, and with a population amounting to about one-fourth of that of the whole Argentine Republic, exports about three-fourths of all the produce, and consumes more than three-fourths of the imports. The province, however, is as yet in the main a pastoral community. The land is almost a perfect level, entirely bare of wood, and, except in some of the southern districts, without a stone or even a pebble. It is divided into cattle and sheep farms, owning collectively eight to ten millions of horned cattle and fifty-six millions of sheep, besides several millions of horses. For the whole Republic the statistical tables gave, in 1875, thirteen millions of cattle and fifty-seven millions of sheep, the former valued at \$83,789,514 (about £16,000,000), the latter at about £17,000,000. With horses, mules, asses, goats, and swine, the pastoral wealth of the country amounted to \$191,432,918 (about £40,000,000). The Republic of Uruguay, with an area and population nearly equal to that of the Province of Buenos Ayres, but with an undulating territory and a soil, perhaps, less fertile, has only 5,500,000 cattle and 12,000,000 sheep, the whole estimated at £9,000,000.

The Province of Buenos Ayres, as I said, within a radius of about seventy-five miles round the city, consists mainly of cattle and sheep farms, and some of the large *estancias*, or estates, combine the rearing both of herds and flocks. A journey of a little more than four hours by train on the Southern Railway, and a two hours' drive from a station, brought me to an estate of this description, belonging to an English absentee, and managed by a Scotchman, eminently gifted with the brain and muscle necessary for his arduous task. *Estancias* in former times extended over a surface of twenty to fifty square leagues; but they have lately undergone considerable division and subdivision, and those boasting ten square leagues are becoming rare. The one I am speaking of does not exceed six and a half leagues, or about twenty square miles. It was probably bought for an old song originally, but its value by the tax-gatherer's assessment is now £50,000, and it would readily fetch at least double that price if it came to the hammer. It yields to the owner a net revenue of £10,000 to £15,000, and is stocked with 10,000 cattle, 70,000 sheep, and 2,000 horses.

The main business of the manager consists in experiments to improve his stock by the importation of the best English or foreign breeds. He has crossed the Spanish cattle with the finest specimens he could obtain from Durham and Hereford, and can show the most splendid rams from Lincolnshire and Rambouillet, and he also showed me some of the handsomest thoroughbred stallions. . . . The land in the olden times was to be had for the mere asking, and the capital required to render it available could gradually be made out of the profits which even the most primitive farming did not fail to yield. For nothing can equal the fertility of these alluvial plains, even before unwearied industry has cleared it of thistles and other bad weeds, and of the *biscachas*, or prairie dogs, and other noxious and destructive vermin, as has been and is done with great diligence on the model estate I have briefly described. The only drawback to the glorious climate, as we have seen, is the drought, an evil which may be cured in time, if the landowners will submit to the trouble and expense of planting trees on a large scale, an operation practicable even on grazing

farms, by lining the paddocks with a fringe of double rows of eucalyptus, poplars, acacias, or other fast-growing trees, and screening them with double fences from the attacks of the browsing cattle. The mildness of the climate admits of the flocks living and feeding out of doors all the year round. For any fodder that may be wanted in the depth of winter, when frosts are not unfrequent, though snow hardly ever falls, ample supply is yielded by sowing a few fields round the home plantation with *alfalfa*, a kind of clover which is mown five or six times in the year, and of which huge stacks may be seen overtopping the farm buildings. Not a few of the *estancias* in Buenos Ayres, and some of the best, are the property of British subjects or of their descendants. In the northern districts of the province smaller tenements, generally held as sheep farms, are in Irish hands. The British subjects in the province in 1875 were said to be 30,000 Irish and 5,000 Scotch and English. Many of them are well off, the revenue of their estates averaging twenty-four or twenty-five per cent. of the capital.

Besides landed estates, I have seen a few *saladeros*, or houses where the cattle are slaughtered, and their meat salted or dried for exportation; and among others the famous Fray Bentos, where Liebig's extract of meat is manufactured. This establishment lies on the left or eastern bank of the Uruguay river, within the territory of the Republic of Uruguay, about 100 miles above the meeting of that river with the Parana. . . . The house and outbuildings stand on high ground sloping to the water's edge, and there are piers and wharves where vessels of almost any size can be moored. . . . All this is the property of an English joint-stock company with a capital of £ 500,000. . . . Here during the summer months, December to May, when the cattle are fattest, about 1,000 or even 1,200 bullocks and cows are daily disposed of. Large herds arrive daily from distances of one hundred and more miles; they are penned up in large paddocks, so as to have a constant supply at hand. . . . The slaughtering ground is about two acres in extent. The men employed in the establishment are 550; most of them are Basques, an inoffensive race of men, gentle and pacific, in spite of the blood in which they dabble all day and of the excellent meat which constitutes their almost exclusive diet. The skill they show in the use of the knife is truly appalling; the large joints of meat, the muscles of the limbs, fall asunder and glide down from the bone as if the flesh were mere butter or dough.

I have no space and no skill to describe the various processes by which beef is salted or dried, and by which hides, horns, tails, bones, the fat, and every part of the animal are turned to the best uses, and made into valuable articles of trade. Nothing is wasted, not even the offal, on which 1,000 swine are fed in or near the premises. At Fray Bentos only oxen and cows are killed; but in other establishments such is also the fate of mares, thousands of which are slain merely for their hides and their fat, which is boiled into tallow. The price of a mare at the *saladero* is only \$ 2 (8s.), that of an ox or cow \$ 15 to \$ 20 (£ 3 to £ 4), and the owner of one of these salting houses told me he made about \$ 1 (4s.) out of every animal that went through his hands. I asked how it could be good economy to kill the cows, especially some which were visibly on the eve of calving, as this wholesale execution must surely interfere with the propagation of the species; but the answer was that the tendency of the herds was to overgrow the capabilities of their pastures, that to keep up a proportion between the cattle and their food it was neces-

sary to sweep off the superfluity, and that there was no leisure for choice or discrimination. At Fray Bentos, machinery on a very large scale has been applied to the boiling of the fat and other important operations. The extract of meat is obtained by simply boiling some of the choicest parts of the animal in large caldrons, as it would be done in a common kitchen, allowing the broth, when separated from the meat and strained to the utmost purity, to go through various stages of evaporation, till all the liquid substance has dissolved into air. The establishment at Fray Bentos yields, it is said, £ 81,000 a year; it burns 6,000 tons of coal, and consumes 1,000 quintals of salt.

The business of a *saladero* is, as a rule, kept separate from that of the cattle-grower; but in many of the *estancias* and at some of the sheep farms there are *grasserias*, where the sheep are killed and boiled into tallow. To form some idea of the extent to which business of this nature is carried on in this region, it will be sufficient to state that the Argentine Republic exported in one year, 1874, 3,000,000 salted or dried ox hides; and that, while in 1852 there were only in the whole country four and a half millions of sheep, valued at £ 1,350,000, the flocks had in 1876—*i. e.*, during a period of twenty-four years—increased to the extent of 40,000,000, or, as I said, of 57,000,000 sheep at the present time, producing about £ 7,000,000 per annum. The produce of the sheep during the said period, reckoning wool, sheepskins and tallow, is reckoned at £ 77,000,000. Of the thousands of Britons, or at least of Englishmen, settled in these countries, few, if any, have taken up their quarters in the agricultural colonies, probably because pastoral life had greater charms for our people, or because, accustomed as they were at home to a large scale and high finish of husbandry, they find the work here rather primitive and slovenly. But all the other nations of Europe, and of both North and South America, have contributed their contingents to the agricultural colonies of the Plate. Of these, there is only one in the province of Buenos Ayres, the Baradero, with about 311 families and 2,000 souls. The main strength of these settlements is in the province of Santa Fe, along the banks of the Parana river and the line of the Central Argentine railway. Most of the latter are flourishing, while several of those in the province of Entre Rios have come to grief, and some exist only in name, like those cities of Eden, Palmyra or Babylon in the United States, through which a traveler drives without perceiving them. The cluster of about thirty of the best in Santa Fe made up altogether, in 1875, 3,185 families, with more than 16,000 persons; and their farms, cattle, &c., represented a value of £ 1,864,359 or £ 585 for each family, a considerable sum for people most of whom landed on these shores in a state of absolute destitution. Some of their lands which they bought for 2s. per acre are now sold at £ 2. Other colonies have sprung up in other provinces, and some even in the deserts of the Gran Chaco and in Patagonia, beyond the boundary of the Rio Negro, where there is a Welsh settlement of 187 families at the mouth of the River Chubut. In the Republic of Uruguay there are also several colonies—two in the districts of the Rio Rosario, of Swiss and Piedmontese, these latter chiefly Waldensians, with a third called "Cosmopolitan," a fourth from the Canary Islands, &c. The numbers of these colonists must have considerably increased of late, as immigration has taken a very rapid development, and the Government of both Republics spare no efforts to encourage and aid it. Up to a recent time the Swiss outnumbered the settlers of any other

nation; but lately the Italians have taken the upper hand, as emigrants from that country come in at the rate of 90,000 to 100,000 a year, and on the first Sunday of my stay in Buenos Ayres 1,300 landed here from two steamers from Genoa, all of whom were at once sent to the settlements. The latest importation consists of Russo-Germans, from the banks of the Volga—the descendants of a colony that took refuge in that part of the Empire under the Empress Catherine II, towards the end of the last century. They are of the Mennonite persuasion, and, like the Quakers, object to military service on religious principles. As exemption from the service in Russia was only granted to them for a period of ninety years, which is about to expire, they are now betaking themselves to America, where they first settled in Brazil, and whence they have been transmigrating to the Argentine territory.

THE TRADE OF NORWAY.—In a volume of consular reports recently issued in London, is a report by Consul-General Jones upon the trade and commerce of Norway, in 1879. It shows that for the past three years the foreign trade of Norway has been falling off, the values of the exports and imports having been:

	<i>Imports.</i>	<i>Exports.</i>	<i>Total.</i>
1877.....	£ 10,600,000	.. £ 6,000,000	.. £ 15,600,000
1878.....	7,800,000	.. 5,100,000	.. 12,900,000
1879.....	7,300,000	.. 5,000,000	.. 12,300,000

The decline, both in imports and exports, represents, to a large extent, simply a fall in prices, the quantities received and shipped not having fallen off to anything like the same extent. Of the total imports, about seventy-five per cent. consisted of articles of food, clothing, and other articles classed as for direct consumption, the remaining twenty-five per cent. consisting of raw materials for manufacture. In 1873, the proportion of the latter class was thirty-five per cent. of the whole, and the decline now shown points to a contraction of business. The two chief articles of export are timber and fish, and while the exports of the latter have kept comparatively steady, those of timber have fallen from £ 2,500,000 in 1877, to £ 1,600,000 in 1879. The trade of Norway lies mainly with Great Britain and Germany, the proportions taken by these two countries in the past three years being:

	1877. <i>per cent.</i>	1878. <i>per cent.</i>	1879. <i>per cent.</i>
Great Britain and Ireland.....	28.2	.. 27.6	.. 28.3
Germany.....	23.4	.. 25.3	.. 23.6

THE COST OF PATENTS IN GREAT BRITAIN.—The Treasury return just issued shows that the total receipts of the Patent Office in the twelve years 1868 to 1879 amounted to £ 1,779,892, and the total expenditure to £ 504,322, thus leaving a surplus of income over expenditure of £ 1,275,570. This is a result which to us seems far from satisfactory. The excess revenue is no doubt a welcome contribution to the Treasury, but it is obtained at a very serious cost. There can be no doubt that if we are to retain our industrial position every effort must be used to cheapen and improve production. But the expense and difficulties attending the taking out of patents operate as a serious check upon the inventive power of the nation, and, besides, acts prejudicially by depriving intelligent workmen of the means of rising. Our present regulations as to patents, therefore, hinder our industrial development, and it would appear from this return that they hinder it needlessly. It is right that the Patent Office should be made self-supporting, but it is not necessary nor expedient that it should be made a source of revenue, and a reduction in the charges might readily be made with great advantage to the public.

—London Economist.

CURRENT EVENTS AND COMMENTS.

A GREAT PORK SPECULATION.

The Chicago *Times*, of November 5, publishes a detailed account of the great Armour pork deal, which was finally closed out on November 1. It was the most gigantic and successful deal ever attempted in pork. In July, 1879, after one member of the firm of Armour & Co. had returned from Europe, where he had been taking observation of the pork market, the firm began buying pork, and in December, when it had risen to \$14, closed out, making a profit of two million dollars. Not satisfied that it had reached the highest point, they continued buying until pork had dropped from \$14 to \$9.25, absorbing their profit and an additional million.

In April, of this year, they again began buying at from \$10 to \$10.50 a barrel, and bought up 350,000 barrels of spot pork between these figures, and one million and a quarter barrels of options. For the last three months they have been closing out their gigantic purchases at prices ranging from \$16 to \$18.50, clearing over \$7,000,000 on the deal, and being winners on the two deals to the extent of \$6,000,000.

IMMIGRATION.

The passengers arriving in the United States during the three months ending September 30, in 1879 and 1880, were as follows:

	1879.	1880.
Immigrants	68,651	154,832
Citizens of the United States.....	17,435	18,355
Sojourners (allens).....	7,080	8,862
Total passengers.....	93,166	182,049

The number of immigrants during the single month of last September was 54,875, of whom 13,141 were Germans, 7,779 English, 6,394 Irish, and 16,059 Canadians.

THE CASTLE GARDEN LABOR BUREAU.

The total number of persons furnished with employment at the Castle Garden Bureau this year, up to November 1, was 35,394, of which 26,116 were men, and 9,178 women. There were about 2,000 mechanics and artisans, and the others were farm, railroad and ordinary laborers. The applicants were principally Germans, although there were a good many Irishmen, and a fair proportion of Poles and Swedes. Last year there were only 16,133 persons furnished with employment, which was an increase of sixty per cent. over the previous year. In 1868, which was one of the best years since the bureau was established, there were 36,000 persons assisted in this way, but the number this year will be still greater.

MR. SHERMAN ON THE CURRENCY.

In a speech at the New York Cooper Institute, October 26, Mr. Sherman said: "The basis of success in all business affairs is a fixed standard of value; in other words, good money. . . . Gold and silver are the basis, and paper money, redeemable in coin, is a convenient substitute for actual use. One of the best results of the

war was the overthrow of the faulty system of paper money and the substitution of National money. Still, the war left our paper money at a discount compared with coin, and therefore it was not good money. It was in that condition when President Hayes assumed his office. Gold and silver, by being above par, were excluded not only from actual circulation but as a standard of value. We were then engaged in the effort to bring about the equality of paper money with coin; or, in other words, the resumption of specie payments. The struggle over this question is familiar to you all. . . . The resumption act has been completely executed in all its details, and the result has been to secure you the use of all the paper money you had before, both United States notes and bank notes, and to increase the aggregate, and all as good as gold. Every dollar is now in active use. It is the blood of our whole financial system passing rapidly from hand to hand; the medium of all production, of all wages, and of all property. Every dollar of this money may travel the circuit of the world in undiminished credit, and is everywhere received as good as coin. This success has opened to you the free use of gold and silver, and added hundreds of millions of coin to active circulation, thus not only improving the value of paper money, but increasing the amount of money in circulation.

"A United States note is honored all over the world; in every market and every capital; in every large city in the world where commerce and civilization prevails, a United States note stands at par with the best coin ever issued from any mint. In China, in Japan, in the Sandwich Islands it is worth a premium."

POPULATION OF SOUTH CAROLINA.

The Census Bureau has issued a bulletin showing the result of the first count of the population of the State of South Carolina, according to the schedules returned by the enumeration. The total population of the State is 995,306, of which 490,327 are males, and 404,979 females; 987,664 are natives, and 7,641 foreign born. The white number 391,071, and 604,235 are colored. The United States census of 1870 is now conceded to have been so much below the real numbers at that date, that comparisons with it can only be misleading. But on a comparison of the present census with the United States census of 1860, there is shown to have been an increase in twenty years of nearly fifty per cent. in the colored race, and of about one-third in the white race. It is not to be inferred from this that the natural increase of the blacks at the South has been greater than that of the whites since 1860. As to that point, we must wait for the returns from all the States, inasmuch as the character of the population in any one State may be affected by immigration and emigration from and to other States.

COTTON SEED OIL MILLS.

Thus far it appears that there are forty-two cotton oil mills in the United States, distributed as follows: Louisiana and Mississippi, nine each; Tennessee, eight; Texas, six; Arkansas, four; and Missouri, Alabama, and Georgia, two each. Statistics show that these mills press about 410,000 tons of cotton seed annually, which yield thirty-five gallons of oil and 750 pounds of oil cake to the ton. Our exportation of cotton-seed oil in 1877 and 1878 amounted to about one and a half millions of gallons each year; in 1879, to nearly six millions, and in 1880 it will probably much exceed the latter quantity.

JUTE CULTURE.

Experiments in Louisiana the past season in jute culture have been so successful that New Orleans papers predict that in a very few years jute will rival cotton in the South. The *Democrat* says: "From all that we can gather, it seems safe to say in advance that the harvesting of jute will bear the same relation to cotton in this respect that it does in the matter of cultivation—that is to say, it will cost about one-half. Wherever it is possible to harvest jute at all, it can be harvested at about one-half the outlay of time and money that is involved in picking and marketing cotton. We do not see how jute can be successfully produced except in districts where there is an ample supply of water, either in running streams or in lakes or ponds; running streams being preferable. In order to disengage the fiber from the stalk, it is necessary that the jute should be immersed in water for about one week. After that, and when fermentation shall have set in, the fiber can be detached by simply shaking the stalk once or twice. It then remains only to dry and bale the fiber, and it is ready for market."

LOUISIANA'S ORANGE CROP.

"There are not many persons," says the New Orleans *Democrat*, "who appreciate the extent of our orange trade, or who realize what an enormous source of revenue the culture of this delicious fruit may be made. On the 26th of October there were shipped from here on the Chicago, St. Louis and New Orleans railroad eleven car loads of oranges, destined to Denver, St. Louis, Cincinnati, Chicago and Evansville. There were in this shipment 1,320 barrels, and, averaging the barrel at 300, we have a total of 396,000 oranges sent in one day by one railroad, to supply the increasing demand in the West for Louisiana's juicy and luscious fruit, which is far superior to the oranges of Cuba, and even the much vaunted fruit of Florida. Between the 1st of October and the 26th, there were shipped by the same road to the Western cities 21,000 barrels, a total of 6,000,000 oranges."

ANOTHER ACCESSION TO THE FRENCH MONETARY SYSTEM.

To the States having a monetary system conforming to the metric system, and based upon a coin equivalent to the franc, must now be added Servia and Bulgaria, the latter of which has just adopted a coinage system of which the "lew," equal to the franc is to be the unit. It will have a hundred "stoniki" and will contain five grammes of silver 835-1000 fine, giving 4,175 grammes of pure silver. The "Alexander" is to be the principal gold coin. It will be equal to twenty "lews," or \$3,8591, and is to contain 6,45161 grammes of standard gold 900-1000 fine, giving 5,80645 grammes of pure gold. Orders have been placed for the coinage of twelve and a half million lews in silver, 2,100,000 lews in copper, and 400,000 lews in gold, making \$3,000,000 in all. The coinage will be executed in Paris. The coinage of Servia is also executed at Paris, the "dinar" corresponding to the franc, and the "para" to the centime. This adds 3,379,000 to the number of people under the metric system of coinage making 115,899,000 in all. Servia joined the Latin Monetary Convention by treaty, dated June 20, 1879. The circulating coin at present consists chiefly of Austrian and Russian currency.

TEHUANTEPEC RAILWAY.

The Tehuantepec Inter-Ocean Railroad Company are pushing forward the work of location and construction with much energy. Three parties of engineers are in the field surveying the line from each terminus and the harbor on the Pacific side. This line shortens the distance between San Francisco and New Orleans about 2,300 miles; and reduces the time of transit below that of the Panama route seven days. The company have liberal concessions from the Government of Mexico. The estimated cost of the road, including harbor improvements at each end, is \$6,000,000, and the country through which the line passes is very fertile and highly productive of exportable articles.

THE PANAMA CANAL.

A Paris dispatch to the London *Times* says: "The capital of the Panama Canal Company will be 300,000,000 francs, divided into 600,000 shares of 500 francs each. Ten thousand shares being reserved by the statutes for the civil company of the original concessioners for the concession contributed by that company, 590,000 shares remain for public subscription. The issue will be made at par, 25 francs being paid at subscription, 100 on allotment and the rest as required. The total cost is estimated at 600,000,000 francs. The sum necessary for completing the canal, over and above the capital, will be raised by the issue of obligations. Five per centum interest is to be paid on the shares during the execution of the work. Of the net profits, eighty per centum is allotted shareholders by the terms of the concession. M. de Lesseps says that the contractors have sent in their estimate, according to which the construction of the canal will not cost 500,000,000 francs, and that it has been provided by a memorandum signed on July 7, that a special American committee, sitting in New York, shall represent the interest of the company in the United States, as to all that relates to observance of the neutrality of the canal as settled by the law of concession of the Republic of Columbia."

FAILURES IN FRANCE IN 1878.

The return of failures and bankruptcies in France, during the year 1878, just issued, shows that the number of failures was 6,021, an increase of 541 on 1877, and 829 on 1876. During the year 5,954 insolvent estates were wound up—2,396 without payment of any dividend, and 235 by annulling the bankruptcies. Of the remaining 3,323 there were 330 in which the liabilities were under 5,000 francs; in 527 they were from 5,000 to 10,000 francs; in 1,562, from 10,000 francs to 50,000 francs; in 435 from 50,000 francs to 100,000 francs; and in 469 above 100,000 francs. The total liabilities were 255,435,122 francs (about \$50,000,000), and the assets 69,159,939 francs. After payment of the second debts the ordinary creditors divided a sum 37,682,157 francs, representing 16.83 per cent., or 5.26 per cent. less than in 1877. In the case of 997 estates the dividends were under ten per cent.; 1,155 yielded from ten to twenty-five per cent.; 666 from twenty-six to fifty per cent.; 109 from fifty-one to seventy-five per cent.; twenty-four from seventy-six to ninety-nine per cent. In ninety the creditors were paid in full, and in 287 they received nothing, the assets being absorbed by the costs, or by privileged creditors. Should a bankrupt law be re-enacted in this country it is to be hoped provision will be made for collecting similar statistics.

THE SANDWICH ISLANDS SUGAR INDUSTRY.

Referring to the sugar industry of the Sandwich Islands, the San Francisco *Commercial Herald* says: "A few years since it was pretended that 25,000,000 lbs. was the limit of production there, but it has now advanced to 70,000,000 lbs., and there is practically, as far as we are concerned, but little limit to the production. At two tons to the acre, 500 square miles would produce 640,000 tons, or 1,333,000,000 lbs.—over two-thirds of the total consumption of the United States at present. It may be seen, therefore, that the islands are, in the not distant future, to become an important source of supplies for the whole of the United States. Sugar will doubtless be cheaper here, but the demand for it will be greater, and San Francisco will become the great *entrepôt* of the coast. There are vast fortunes to be made both in growing it, selling it, and refining it, and it will be more of a bonanza to this city than ever any on the Comstock was, because it will be enduring."

AUSTRALIAN WHEAT AND LIVE STOCK.

A recently published letter from Mr. Giffen, Secretary of the British Board of Trade, contains the following: "It appears from the various Colonial accounts that two and three-quarter million acres of land in Australasia were under wheat in the last harvest, being two and one-half times the area under wheat there ten years ago, and within 300,000 acres of the wheat acreage of the United Kingdom. The produce, moreover, which last year was only ten bushels per acre, was this year more than thirteen bushels, or about the average product in the United States; the largest wheat-growing colony (South Australia) yielding ten bushels to the acre, Victoria thirteen bushels, and New Zealand as much as twenty-eight bushels. The approximate number of live stock in the whole of Australasia for the present year was—of horses, 1,050,000, horned cattle, 7,510,000, sheep, 65,400,000, and pigs, 810,000.

BRITISH COLONIES IN SOUTH AFRICA.

We clip the following from *America*: "For the last ten years a period of unusual prosperity in trade has marked the progress of these distant colonies. Since 1870 the diamond fields have sent out their products at the rate of over £2,500,000 year, and the annual output shows no present signs of diminution. Ostrich farming has been equally productive of wealth to the colonies, and has developed into a business that has extended from the Cape into the Free State, Natal and the Transvaal. The annual export of feathers from the Cape Colony this year will amount to £1,000,000. Angora goat-raising has also developed into a trade which will doubtless prove even more profitable, as this valuable animal thrives peculiarly well on the 'Karoo' plains of South Africa. Important dock and harbor works are being carried out at the several sea-ports on the Cape coast, particularly at Cape Town. It has a large well-equipped dock with two other large basins; a large graving dock is nearly finished, and a new tidal basin is about to be started and the breakwater extended with the excavated material. At Port Elizabeth, East London, Morsel Bay, and Port Alfred jetties and other harbor works are also in progress. Railway enterprise has likewise developed in a great degree. Within the past fifteen years 1,000 miles of railroad has been completed from the three leading ports inland, and another 1,000 is shortly to be proceeded with, bringing railway communication to what is hitherto known as the borders of the 'interior.'"

ANNUAL REPORT OF THE COMPTROLLER OF THE CURRENCY.

From advance sheets of the Annual Report of Comptroller Knox, we are enabled to present the following of its most prominent statistics :

Fifty-seven National banks have been organized since November 1, 1879, with an aggregate authorized capital of \$6,374,170, to which \$3,662,200 in circulating notes have been issued. Three banks, having a total capital of \$700,000, have failed, and dividends amounting to sixty-five, eighty and ninety per cent., respectively, have been paid to the creditors of these banks.

Ten banks, with an aggregate capital of \$1,070,000, and circulation of \$928,800, have voluntarily discontinued business during the year; and one bank, which had formerly gone into liquidation, has been placed in the hands of a receiver. The total number of National banks organized from February 25, 1863, to November 1 of the present year, is 2,495. Of these, 314 have gone into voluntary liquidation, and eighty-six have been placed in the hands of receivers.

National banks are located in every State of the Union except Mississippi, and in every Territory except Arizona; and the total number in operation at the date last named was 2,095, which is the greatest number of banks that has been in operation at any one time.

NUMBER, CAPITAL AND DEPOSITS OF NATIONAL BANKS, STATE AND SAVINGS BANKS AND PRIVATE BANKERS.

The capital of the 2,076 National banks in operation on June 11, 1880, was \$455,909,565, not including surplus, which amounted at that date to 118 millions of dollars; while the average capital of all the State banks, private bankers and Savings banks for the six months ending May 31, 1880, was but \$194,136,825; which amount is but little more than the combined capital and surplus of the National banks.

The net deposits of the National banks were \$900,788,714 and the average deposits of all other banks, including Savings banks, were \$1,319,094,576, of which more than one-half, or \$783,033,149, consisted of the deposits of the 629 Savings banks having no capital stock, which are included in the above aggregate.

The increase in the net deposits of the National banks during the year was \$187,385,075; of the Savings banks, \$34,508,295; of the private bankers, \$42,749,684; and of the State banks and trust companies \$61,713,761, making a total increase in the bank deposits of the country of \$326,356,815.

The table below exhibits the aggregate average capital and deposits for the six months ending May 31, 1880, of all classes of banks other than National, and the capital and net deposits of the National banks on June 11 following:

Geographical divisions.	State banks. Savings banks, private bankers, &c.			National Banks.			Total.		
	No.	Cap-ital.	De-posits.	No.	Cap-ital.	Net Def.	No.	Cap-ital.	De-posits.
		Millions.			Millions.			Millions.	
New England States.....	536	12.02	388.97	548	165.60	161.06	1,084	177.62	550.93
Middle States.....	1,300	79.51	615.62	654	170.44	480.06	1,954	249.95	1,095.68
Southern States.....	498	31.85	51.50	177	30.79	45.90	675	62.64	99.40
Western States and Territories.	2,122	70.76	261.00	697	89.08	212.87	2,819	159.84	473.87
United States.....	4,456	194.14	1,319.09	2,076	455.91	900.79	6,532	650.05	2,219.88

From this table it will be seen that the total number of banks and bankers in the country at the date named was 6,532, with a total banking capital of \$650,049,390, and total deposits of \$2,219,883,290.

In the appendix will be found similar tables for various periods from 1875 to 1880, where will also be found other tables giving the assets and liabilities of State institutions during the past year, so far as they could be ascertained from the official reports of the several State officers.

A table arranged by States and principal cities, giving the number, capital and deposits, and the tax thereon, of all banking institutions other than National for the six months ending May 31, 1880, and for previous years, will be found in the appendix.

TABLES OF NATIONAL AND STATE TAXATION.

The Comptroller herewith presents his usual annual tables, giving, as far as can be ascertained, the amount of taxes imposed upon the banking capital of the country, and respectfully repeats his previous recommendation for the repeal of the law imposing a tax upon capital and deposits, and the two-cent stamp tax upon bank checks.

The amount collected by the Commissioner of Internal Revenue during the last fiscal year was \$121,931,916, and the whole of this amount, with the exception of \$11,096,464.39, was derived from the tax on spirits, beer and tobacco. Were the entire tax upon banks and bankers of the country, including the two-cent check tax, upon matches and upon patent medicines removed, the amount of revenue received by the Government from the tax on spirits, beer and tobacco, would alone be sufficient to meet its expenses and reduce the public debt at the rate of a hundred millions annually.

The principal reason heretofore urged against the repeal of these taxes has been that the amount produced was necessary for the support of the Government, and this reason has ceased to exist.

The enormous State taxes which the banks and bankers of the country have paid for a series of years, and still pay, and which are at a much greater ratio than those imposed on any other species of property, are as much as should be imposed upon this great interest, and particularly at a time when the rates of interest throughout the country are being greatly reduced.

A table for the year 1879, similar to the one for the year 1878 given in the last annual report of the Comptroller, shows the amount of United States and State taxes, and the rate of taxation in every State and principal city of the Union for that year. The following is a summary of the table:

	Amount of taxes.				Ratios to Capital.		
	Capital.	United States		Total.	United States.		
		State.	Total.		Per ct.	Per ct.	Per ct.
New England States	\$ 165,032,512	\$ 1,942,209	\$ 2,532,004	\$ 4,474,213	1.2	1.5	2.7
Middle States.....	170,431,705	3,190,113	2,936,269	6,126,382	1.9	1.7	3.6
Southern States.....	30,555,018	425,597	383,927	809,924	1.4	1.3	2.7
Western States and Territories.....	90,949,769	1,457,812	1,751,032	3,208,844	1.6	2.0	3.6
Totals.....	\$ 456,968,504	\$ 7,016,131	\$ 7,603,232	\$ 14,619,363	1.5	1.7	3.2

Of the whole amount of taxes paid to the United States during the years from 1864 to 1880, inclusive, by the united banks and bankers of the country, the National banks alone have paid nearly two-thirds. The amount of tax upon National bank circulation has been \$45,941,162, while the cost to the government of the National system since its inauguration in 1863 has been but \$4,934,530.51.

From tables similar to the one first given herein for 1879, the following condensed table has been prepared, which shows the taxes, National and State, paid by the National banks during each year from 1866 to 1879, inclusive. With the exception of the figures given for the year 1868, and for the years from 1870 to 1873, inclusive, the amounts of the taxes shown by this table are from complete data obtained by this office. The figures for the years mentioned are estimated.

Years.	Capital Stock.	Amount of taxes.			Ratio of tax to capital.		
		United States.	State.	Total.	United States.	State.	Total.
					Per ct.	Per ct.	Per ct.
1866....	\$ 410,593,435	\$ 7,949,451	\$ 8,069,938	\$ 16,019,389	1.9	2.0	8.9
1867....	422,304,666	9,525,607	8,813,127	18,338,734	2.2	2.1	4.3
1868....	420,143,491	9,465,652	8,757,656	18,223,308	2.2	2.1	4.3
1869....	419,619,860	10,081,244	7,297,090	17,378,340	2.4	1.7	4.1
1870....	421,314,041	10,190,682	7,465,675	17,656,357	2.4	1.7	4.1
1871....	451,994,133	10,649,895	7,860,078	18,509,973	2.4	1.7	4.1
1872....	472,956,958	6,703,910	8,343,772	15,047,682	1.4	1.8	3.2
1873....	483,778,418	7,004,646	8,499,748	15,504,394	1.4	1.8	3.2
1874....	493,751,679	7,256,083	9,260,326	16,876,409	1.5	2.0	3.5
1875....	503,687,911	7,317,531	10,058,122	17,375,653	1.5	2.0	3.5
1876....	501,788,079	7,076,087	9,701,732	16,777,819	1.4	2.0	3.4
1877....	485,250,694	6,902,573	8,829,364	15,731,877	1.4	1.9	3.3
1878....	471,064,238	6,727,232	8,056,533	14,783,765	1.4	1.7	3.1
1879....	456,968,504	7,016,131	7,603,232	14,619,363	1.5	1.7	3.2

In order that the great inequality of the percentage of these United States and State taxes to the capital of National banks, in different geographical divisions of the country, may be seen, the following tables have been prepared giving for the years from 1875 to 1879, inclusive, the capital stock invested, and the percentage thereto of taxes paid, in each geographical divisions.

1875.

Geographical Divisions	Capital.*	Amount of taxes.			Ratios to capital.		
		United States.	State.	Total.	United States.	State.	Total.
					Per ct.	Per ct.	P. ct.
New England States.....	\$ 164,316,333	\$ 1,927,016	\$ 3,016,537	\$ 4,953,553	1.2	1.8	3.0
Middle States.....	193,584,507	3,300,498	4,062,459	7,362,957	1.7	2.1	3.8
Southern States.....	34,485,483	445,048	476,236	921,284	1.3	1.4	2.7
Western States and Territories.....	111,700,588	1,634,969	2,502,890	4,137,859	1.5	2.4	3.9
United States..	\$ 503,687,911	\$ 7,317,531	\$ 10,058,122	\$ 17,375,653	1.5	2.0	3.5

1876.

New England States.....	\$ 168,068,379	\$ 1,947,970	\$ 2,914,808	\$ 4,862,778	1.2	1.7	2.8
Middle States.....	192,163,773	3,190,247	4,025,316	7,215,563	1.7	2.2	3.9
Southern States.....	33,439,193	423,781	431,164	854,945	1.3	1.3	2.6
Western States and Territories.....	108,116,734	1,514,089	2,330,444	3,844,533	1.4	2.3	3.7
United States..	\$ 501,788,079	\$ 7,076,087	\$ 9,701,732	\$ 16,777,819	1.4	2.0	3.4

1877.

New England States.....	\$ 167,788,475	\$ 1,907,776	\$ 2,864,119	\$ 4,771,895	1.1	1.7	2.8
Middle States.....	182,885,562	3,129,900	3,544,862	6,674,762	1.7	1.9	3.6
Southern States.....	32,212,288	411,486	429,149	840,635	1.3	1.4	2.7
Western States and Territories.....	102,364,369	1,453,321	1,991,174	3,444,495	1.4	2.1	3.5
United States..	\$ 485,250,694	\$ 6,902,573	\$ 8,829,364	\$ 15,731,877	1.4	1.9	3.3

1878.

New England States.....	\$ 166,737,594	\$ 1,900,735	\$ 2,593,043	\$ 4,493,778	1.1	1.6	2.7
Middle States.....	176,768,399	3,054,576	3,217,495	6,272,061	1.7	1.8	3.5
Southern States.....	31,583,348	409,839	406,076	815,915	1.3	1.3	2.6
Western States and Territories.....	95,974,897	1,362,082	1,839,929	3,202,011	1.4	2.0	3.4
United States..	\$ 471,064,238	\$ 6,727,232	\$ 8,056,533	\$ 14,783,765	1.4	1.7	3.1

1879.

New England States.....	\$ 165,032,512	\$ 1,942,209	\$ 2,532,004	\$ 4,474,213	1.2	1.5	2.7
Middle States.....	170,431,205	3,190,113	2,930,269	6,126,382	1.9	1.7	3.6
Southern States.....	30,555,018	425,997	383,927	809,924	1.4	1.3	2.7
Western States and Territories.....	90,949,769	1,457,812	1,751,032	3,208,844	1.6	2.0	3.6
United States..	\$ 456,968,504	\$ 7,016,131	\$ 7,603,232	\$ 14,619,363	1.5	1.7	3.2

*The capital of the banks which reported State taxes in 1874 was \$ 476,836,031; in 1875, \$ 493,738,408; in 1876, \$ 488,272,782; in 1877, \$ 474,667,771; in 1878, \$ 403,983,724, and in 1879, \$ 452,869,712.

In the foregoing tables there appears to be an inequality in the percentages of National taxation as well as in those of State taxation; but this inequality is in appearance only, and arises from the fact that while the rate of United States tax imposed on circulation, deposits, and capital is uniform as to all banks and in all parts of the country, yet in the tables there is given the percentage of the total tax to the capital only. Therefore, in those States where the deposits and circulation are large in proportion to capital the percentage of United States tax in the table is greater. In States where the deposits and circulation are proportionally smaller the percentage of such tax is less. In the case of State taxation the inequality is a real one, and represents very nearly the difference in the rates, as the only tax which can be laid by the States on National banks, under the law, must be laid directly on the shares of capital stock. It will be seen that the heaviest taxes are paid in the Western and Middle States, and the lightest in the Southern and Eastern.

The table below shows for three different years the great inequality in the rates of State taxation paid in the principal cities of the country.

Cities.	Rates of taxation.								
	1877.			1878.			1879.		
	United States.	State.	Total.	United States.	State.	Total.	United States.	State.	Total.
	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
Boston.....	1.3	1.6	2.9	1.3	1.3	2.6	1.3	1.3	2.6
New York.....	2.1	2.9	5.0	2.2	2.9	5.1	2.6	2.9	5.5
Albany.....	3.0	3.2	6.2	2.8	2.8	5.6	2.9	2.5	5.4
Philadelphia.....	2.1	0.7	2.8	2.0	0.7	2.7	2.1	0.7	2.8
Pittsburgh.....	1.4	0.5	1.9	1.3	0.5	1.8	1.4	0.6	2.0
Baltimore.....	1.2	1.9	3.1	1.2	1.8	3.0	1.2	1.3	2.5
Washington.....	1.3	0.7	2.0	1.4	0.6	2.0	1.4	0.4	1.8
New Orleans.....	1.5	0.9	2.4	1.5	1.0	2.5	1.7	0.5	2.2
Louisville.....	1.4	0.5	1.9	1.4	0.5	1.9	1.5	0.6	2.1
Cincinnati.....	1.7	2.9	4.6	1.5	2.7	4.2	1.9	2.4	4.3
Cleveland.....	1.1	2.2	3.3	1.1	2.0	3.1	1.3	2.0	3.3
Chicago.....	2.2	2.9	5.8	2.5	2.6	5.1	3.4	2.4	5.8
Detroit.....	1.6	1.7	3.3	1.7	1.5	3.2	1.8	2.2	4.0
Milwaukee.....	2.4	2.6	5.0	2.4	2.6	5.0	2.8	2.5	5.3
Saint Louis.....	1.4	2.5	3.9	1.6	2.4	4.0	1.8	2.1	3.9
Saint Paul.....	1.3	1.7	3.0	1.3	1.5	2.8	1.5	1.5	3.0

All of the foregoing tables indicate the necessity of securing some uniform rule of State taxation, to which reference has already been made. The States in which the rates of State taxation were most excessive during the years 1877, 1878, and 1879 are shown in the table below:

States.	1877.			1878.			1879.		
	United States.	State.	Total.	United States.	State.	Total.	United States.	State.	Total.
	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>	<i>Per ct.</i>
New York.....	1.9	2.7	4.6	2.0	2.6	4.6	1.5	2.0	3.5
New Jersey.....	1.4	1.9	3.3	1.4	1.8	3.2	1.5	1.8	3.3
Ohio.....	1.4	2.4	3.8	1.3	2.2	3.5	1.4	2.0	3.4
Indiana.....	1.2	2.3	3.5	1.3	2.1	3.4	1.4	2.1	3.5
Illinois.....	1.7	2.2	3.9	1.7	2.1	3.8	1.5	1.8	3.3
Wisconsin.....	1.7	2.1	3.8	1.7	2.2	3.9	1.6	1.8	3.4
Kansas.....	1.7	2.6	4.3	1.6	2.6	4.2	2.1	2.7	4.8
Nebraska.....	2.3	2.3	4.6	2.3	2.6	4.9	2.6	2.6	5.2
South Carolina.....	1.0	2.6	3.6	1.0	2.1	3.1	1.2	2.0	3.2
Tennessee.....	1.6	2.2	3.8	1.6	2.1	3.7	1.7	1.8	3.5

The statistics given show that year by year the States collect more from the National banks in taxes than the United States, and that on an average during the past twelve years the total annual amount paid to both State and National Governments by such banks has been about sixteen millions of dollars, or nearly four per cent. upon the capital stock, and during the past year \$14,619,363, or more than 4½ per cent. upon the amount of circulation issued to the banks in operation.

The following table exhibits in a concise form, by geographical divisions, the total average capital and deposits of all State and Savings banks and private bankers in the country for the six months ending May 31, 1880 :

Geographical divisions.	State banks and Trust Companies.			Private bankers.			Savings banks.				
	No.	Cap.	Dep.	No.	Cap.	Dep.	With capital.		Without capital.		
							No.	Dep.	No.	Dep.	
Millions.			Millions.			Millions.		No.	Mill.		
New England States.....	40	6.86	16.47	74	5.16	3.74	—	—	—	422	368.76
Middle States.....	234	38.98	154.89	885	40.01	71.54	6	0.53	3.19	175	386.00
Southern States.....	241	26.69	38.51	252	4.81	13.54	3	0.34	0.57	2	0.88
Western States and Territories.	481	41.44	108.91	1,591	26.14	93.85	20	3.17	30.85	30	27.39
United States.....	996	113.97	318.78	2,802	76.12	182.67	29	4.04	34.61	620	783.03

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	65,576,600	—	—	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	250,726,950	90,768,950	—	—	341,495,900	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	136,955,100	239,359,400	—	—	376,314,500	26,900,200	403,214,700
1876	109,313,450	232,081,300	—	—	341,394,750	45,179,300	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	56,042,800	144,616,300	35,056,550	118,538,950	354,254,600	76,603,520	430,858,120
1880	58,056,150	139,758,650	37,760,950	126,076,300	361,652,050	42,831,300	404,483,350
1880*	56,605,150	140,079,750	36,088,050	119,075,100	359,748,050	43,620,400	403,369,350

All of the five and six-per-cent. bonds now held by the National banks, with the exception of Pacific Railway bonds will mature on or before July 1, 1881, and will probably be replaced by bonds bearing interest at four or four and one-half per cent. or by new bonds hereafter to be issued by authority of Congress, bearing a less rate of interest.

The amount of United States bonds held by State and Savings banks cannot be accurately ascertained for the reason that banks in seventeen of the different States do not make reports of their condition to State authorities.

From such reports as have been received through the courtesy of State officers, it is found that the State banks and Trust companies and Savings banks held the following amount of United States bonds at different dates during the year 1880 :

State banks in twenty States.....	\$ 7,142,532
Trust companies, five States.....	19,109,650
Savings banks, fourteen States.....	187,413,220
Total.....	\$ 213,665,402

The Commissioner of Internal Revenue receives semi-annual reports from all banks organized under State laws, and also reports from private bankers giving the average capital and deposits, and the amount of such capital invested in United States bonds; and from these returns has been compiled the following table showing by geographical divisions the average amount of capital invested in United States bonds for the six months ending May 31, in the years 1878, 1879, and 1880:

* Nov. 1, 1880.

AVERAGE AMOUNT OF CAPITAL INVESTED IN UNITED STATES BONDS BY STATE BANKS AND TRUST COMPANIES, PRIVATE BANKERS AND SAVINGS BANKS.

<i>Geographical divisions.</i>	<i>Six months ending ay 31, 1878.</i>	<i>Six months ending May 31, 1879.</i>	<i>Six months ending May 31, 1880.</i>
New England States.....	\$ 29,626,456	\$ 38,611,345	\$ 41,430,293
Middle States.....	126 0 9,742	149,504,617	166,865,989
Southern States.....	1,590,549	3,079,200	2,542,991
Western States.....	7,234,863	10,491,070	10,612,111
Pacific States and Territories.....	4,438,989	6,388,793	6,601,720
Totals.....	\$ 168,970,599	\$ 208,675,025	\$ 228,053,104

The above table gives the average amount of capital invested in United States bonds, from which should be deducted the amount of premium paid at the time of purchase which cannot be ascertained.

From these tables the amount of United States bonds held by all the banks and bankers of the country may be given approximately as follows for the present year:

State banks and Trust companies.....	\$ 24,458,604
Savings banks.....	189,187,816
Private bankers.....	14,366,684
National banks.....	403,369,350
Total.....	\$ 631,422,454

NATIONAL BANK AND LEGAL-TENDER NOTES BY DENOMINATIONS, CIRCULATING NOTES OF THE BANK OF FRANCE AND IMPERIAL BANK OF GERMANY BY DENOMINATIONS.

The following table exhibits by denominations the amount of National bank and legal-tender notes outstanding on November 1, 1880, and the aggregate amounts of both kinds of notes for the same date in 1878 and 1879:

<i>Denominations.</i>	1880.		1879.		1878.
	<i>Amount of National bank notes.</i>	<i>Amount of legal tender notes.</i>	<i>Aggregate.</i>	<i>Aggregate.</i>	<i>Aggregate.</i>
Ones.....	\$ 2,292,462	\$ 21,954,900	\$ 24,247,362	\$ 22,887,502	\$ 24,652,750
Twos.....	1,207,260	21,829,318	23,036,578	21,030,863	22,915,066
Fives.....	99,910,760	67,132,138	167,042,898	159,522,853	148,116,015
Tens.....	113,820,580	75,835,008	189,655,588	181,447,558	168,908,071
Twenties.....	75,631,560	72,088,277	147,719,837	141,445,933	131,785,709
Fifties.....	21,418,300	24,359,175	45,777,475	46,177,945	47,658,945
One hundreds.....	26,888,900	33,069,700	59,958,600	58,339,780	58,331,470
Five hundreds.....	639,500	16,126,000	16,765,500	23,088,000	31,159,000
One thousands.....	239,000	14,401,500	14,640,500	23,111,500	33,794,500
Five thousands.....	—	565,000	565,000	3,250,000	—
Ten thousands.....	—	320,000	320,000	2,500,000	—
Add for fractions of notes not presented or destroyed.....	15,129	—	15,129	13,586	11,561
Totals.....	\$ 342,063,451	\$ 347,681,016	\$ 689,744,467	\$ 682,815,520	\$ 667,333,137
Deduct for legal tenders destroyed in Chicago fire.....	—	1,000,000	1,000,000	1,000,000	1,000,000
Totals.....	\$ 342,063,451	\$ 346,681,016	\$ 688,744,467	\$ 681,815,520	\$ 666,333,137

The law provides that after specie payments are resumed National banks shall not be furnished with notes of a less denomination than five dollars, and in accordance with this provision, no notes of the denominations of one and two dollars have been issued since the first day of January, 1879. The amount of ones outstanding on that day was \$ 4,793,817, and of twos, \$ 2,924,930; total, \$ 7,718,747. Since that date the ones have been reduced \$ 2,501,355, and the twos \$ 1,717,670, making a total reduction of small bank notes of \$ 4,219,025.

The amount of legal-tender notes of the denomination of one dollar outstand-

ng on that date was \$20,257,109, and of two \$20,035,525—total, \$40,292,634; and the increase since that date to November 1, 1880, has been \$3,491,584. Thus it will be seen that while the small notes of the National banks have been reduced more than four millions (\$4,219,025) in compliance with law since the date of resumption, the legal-tender notes of the same denominations have been increased \$3,491,584. The total amount of these denominations of both kinds outstanding on November 1, 1880, is \$47,283,940. The total increase during the year has been \$3,365,575; the decrease during the year previous was \$3,649,451. Of the entire amount of National bank and legal-tender notes now outstanding, nearly seven per cent. consists of one and two-dollar notes, more than thirty-one per cent. of ones, twos and fives, and more than fifty-eight per cent. is in the notes of a less denomination than twenty dollars, and about eighty per cent. is in notes of a lower denomination than fifty dollars. Of the entire issue about twenty per cent. in amount is in denominations of fifty dollars and upwards.

The circulation of the Imperial Bank of Germany on January 1, 1879, was \$165,933,942; its circulation on January 1, 1880, was \$198,201,144, showing an increase of \$32,267,202 during the year.

The following table* exhibits by denominations the circulation of the Imperial Bank of Germany on January 1, 1880, in thalers and marks, which have been converted into our currency:

Marks.				Thalers.			
Number of pieces.	Denominations.	Value of each piece in dollars.	Amount in dollars. Thaler=75 cents.	Number of pieces.	Denominations.	Value of each piece in dollars.	Amount in dollars. (Mark = 25 cents.)
185	500 thalers	375.	69,375	255,751	1,000 marks	250	63,938,250
2,357	100 thalers	75.	176,775	213,384	500 marks	125	26,673,000
1,716½	50 thalers	37.50	64,369	4,281,731½	100 marks	25	107,043,287
8,934	25 thalers	18.75	167,512	—	—	—	—
9,143½	10 thalers	7.50	68,576	—	—	—	—
22,336	—	—	546,607	4,750,868½	—	—	117,654,537

The following table* gives the circulation of the Bank of France and its branches, with the number of pieces, and the denominations in francs and in dollars on January 29, 1880:

Number of pieces.	Denominations.	Value of each piece in dollars.	Amount in francs.	Amount in dollars. (Fr.=20 cents.)
5	5,000 francs.	1,000	25,000	5,000
1,371,477	1,000 "	200	1,371,477,000	274,295,400
716,980	500 "	100	358,490,000	71,698,000
3,009	200 "	40	601,800	120,360
5,716,919	100 "	20	571,691,900	114,338,380
207,516	50 "	10	10,375,800	2,075,160
27,323	25 "	5	683,075	136,615
335,635	20 "	4	6,712,700	1,342,540
197,448	5 "	1	987,240	197,448
1,241	Forms out of date.	—	429,850	85,970
8,577,553	—	—	2,321,474,365	464,294,873

*The amount of circulation of the Bank of France on January 30, 1879, was 2,290,970,830 francs, or say \$458,194,166, showing an increase between that time and January 29, 1880, the date of the foregoing table, of 30,503,535 francs or \$6,100,707.

It will be seen that the Imperial Bank of Germany issues no notes of a less

*See pages 656 and 662 of *London Bankers' Magazine* for August, 1880.

denomination than \$ 7.50, and that the Bank of France issues but, about two millions of dollars in notes of a less denomination than five dollars, the Bank of England issues no notes of less than twenty-five dollars, and the Banks of Ireland and Scotland none less than five dollars.

The amount of circulation in this country in denominations of five dollars and under on November 1, 1880, was \$214,326,838. In the foreign countries named, a large amount of silver and gold coin of the lower denominations enters into general circulation. It will be impossible to keep in circulation any large amount of small gold coins or silver dollars, unless the coinage of the latter is restricted and the small notes withdrawn.

Section 5,182 of the *Revised Statutes* requires that the circulating notes of the National banks shall be signed by the President or Vice-President, and by the Cashier of the association issuing the same, the written signature of at least one bank officer is necessary as a check between this office and the issuing banks; for if an illegal issue should occur the signature of such officer would be a means of determining the genuineness of the note. The written signatures of the officers of the banks are also necessary as an additional precaution against counterfeiting. A number of the banks, however, issue their notes with printed signatures, and in some cases with badly executed lithographed ones.

A bill is now pending in one of the Bank Committees of Congress imposing a fine of twenty dollars for every circulating note issued by any National bank without the written signature thereon of at least one of its officers; and the Comptroller respectfully repeats his previous recommendation for the passage of such an Act, which shall also impose a fine upon any engraver or lithographer who shall print the signatures of bank officers upon such circulating notes.

STATE TAXATION OF NATIONAL BANKS.

Section 5,219 of the Revised Statutes of the United States provides, that nothing in the National Bank Act shall prevent all the shares in any National association from being included in the valuation of the personal property of the owner or holder of such shares, in assessing taxes imposed by the authority of the State in which the association is located; but that the Legislature of each State may determine and direct the manner and place of taxing all the shares of National banking associations located within the State, subject only to two restrictions; first, that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of the individual citizens of such State; and, second, 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. The same section provides that nothing herein contained shall be held or construed to exempt the real property of associations from either State, county or municipal taxes, to the same extent, according to its value as other real property is taxed.

In the decision of the United States Supreme Court, in the case of *Williams v. The Board of Assessors of the City of Albany*, Mr. Justice Miller who delivered the opinion at the October Term in 1879, commenting on this provision in reference to State taxation of National bank shares, said:

"That the provision was necessary to authorize the States to impose any tax whatever on National bank shares is abundantly established by former decisions of the United States Supreme Court. 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 of the United States Supreme Court 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 bank 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."

The intent of Congress in providing for the taxation of National bank shares by the States, prior to this decision of the United States Supreme Court, had been overlooked or evaded in collecting taxes on such shares under the laws of many of the States. As a consequence, capital invested in National banks has, in the assessment and collection of taxes, been subjected to unjust and severe discrimination in different ways in these States.

In New York, the law permitted the deduction of the just debts of an individual from his personal property, including his moneyed capital, excepting only bank shares.

In Ohio, the law provides certain State boards for equalizing the taxation on real estate, on railroad capital, and on capital invested in bank shares; but there is no State board for equalizing personal property, other than bank shares and railroad capital, or for equalizing other moneyed capital. The equalizing process, as to all other personal property and moneyed capital, ceases with the county boards. But the county boards throughout the State fixed the valuation of moneyed capital for purposes of taxation at six-tenths of its true value, while the State boards fixed the value of bank shares at their actual cash value. Thus, while the rate of taxation was the same, the valuation being different, bank shares were discriminated against to the amount of four-tenths.

The States have a right to impose whatever tax they choose upon the shares of banks organized under their own laws, but they have no right to impose a greater valuation on National bank shares than on other moneyed capital in the hands of individuals, since thereby the tax becomes heavier on the bank shares than on the moneyed capital whereas the law, rightfully construed, says it shall be the same.

The decisions of the United States Supreme Court delivered March 2, 1880, in cases arising under the laws of the two States mentioned, protect National banks from these forms of discrimination, and indirectly protect the State banks, as these States will doubtless so modify their laws, as to place State banks within their borders on, at least, as good a footing in respect to taxation as the National banks.

By these decisions also, the Supreme Court pointed out the appropriate mode of relief for National banks, when taxes were assessed upon them at a greater rate than upon other moneyed capital in the same State. This mode is to pay such portion of the unjustly imposed tax as is equal to the tax paid on other moneyed capital, and to enjoin the collection of the excess.

But these decisions do not provide any satisfactory method for the recovery of taxes which have been heretofore illegally assessed and collected by the State authorities on National bank shares. On this point it was decided that the question of the recovery from the assessors of taxes overpaid, through errors in assessments arising from misconstructions of the law of the United States relative to the taxation of National bank shares by the States, is not one to be decided by the Federal courts, but one to be governed by the common law or the statute law of the State.

As it is in the power of the States, under the present law of Congress, to so legislate that through mistaken construction of said law by the assessors, bank shares may be discriminated against, as compared with other moneyed capital, and as redress for such mistakes depends on the action of the State courts; and as further, to secure a true construction of the Federal law by the assessors in each State may require protracted litigation before the question of the legality of the form of taxation in each particular State can be finally decided, it becomes a question whether Congress might not settle the whole matter by fixing more precisely the amount of taxation which may be imposed by the States on National bank shares.

The decision of the United States Supreme Court, heretofore quoted, states that this oppressive taxation "might have been prevented by fixing a precise limit in amount," and it is respectfully suggested to Congress whether it would not be advisable, in order to avoid the expense and annoyance of long con-

tinued litigation, to pass a law fixing the maximum amount of taxation, which may be imposed upon National banks by State authorities. It is true that if this should be done the States, so disposed, might discriminate in favor of banks of their own creation, or in favor of other moneyed capital, by making the weight of taxation on such property less oppressive than that fixed on National bank shares by Congress, but such State legislation would be so manifestly unjust that it is more likely that legislation would follow in the more important States, the object of which would be to impose just and equitable assessments upon every class of moneyed corporations.

It is also true that if the maximum rate of taxation is fixed by law, the Courts and the Board of Assessors could yet, by construction, discriminate in favor of other moneyed corporations by requiring the tax to be at a uniform rate, while the valuation of the assessors is unequal. The Supreme Court in the decision already referred to upon this point, quotes from the law, as follows: "Taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individuals." The Court then proceeds to say: "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 not be 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."

Section 5,219 of the *Revised Statutes* would be so amended as to cover these two points if the clause referred to should read, "but the legislature of each State may determine and direct the manner and place of taxing all the shares of National banking associations located within the State, subject only to the two restrictions, that the maximum rate of taxation shall not exceed — per cent., and that the *valuation* shall not be at a greater rate than 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."

Such an amendment would prevent excessive taxation in all the States and should not affect the imposition of a less rate in any of the States. The valuation would be required to be equal, and it is probable that the Constitution of most of the States would prevent a discrimination against any particular class of moneyed capital.

LOST OR UNREDEEMED BANK NOTES.

In his report for 1875, the Comptroller gave some statistics in reference to the percentage of bank notes not presented for redemption under State laws.

Returns were given for 286 banks in the State of New York, which included thirty banks now in operation in the City of New York, either as State or National institutions. The maximum amount of circulation issued to the 286 banks was \$50,754,515, and the total circulation then outstanding was \$1,336,337, showing that the proportion of unredeemed circulation was 2.63 per cent. only of the amount issued. The maximum amount of circulation issued to the thirty banks in the City of New York was \$7,763,010. The amount remaining unredeemed in October, 1875, was \$142,365. The percentage

unredeemed in proportion to that issued was 1.83. The lowest percentage of unredeemed circulation was .58 upon an issue of \$241,174. The highest was 4.81 upon an issue of \$123,974; seventeen banks of the thirty reporting the percentage of unredeemed notes outstanding as less than two per cent. Only four of these banks reported a percentage above three per cent., and only two above four per cent.

In his report for the year 1876, a table was given, showing the greatest amount of circulation issued to 707 banks organized under the laws of twelve different States, the amount outstanding, and the percentage unredeemed. The percentage of outstanding circulation in all these States was 2.35.

A similar table now gives information in reference to the National banks which failed prior to the year 1870, to the year 1873, and to the year 1874:

From this table it may be seen that the highest amount of circulation issued to fifteen National banks which failed previous to 1870, was \$1,554,400, and the amount outstanding on November 1, 1880, was \$11,628, the proportion of notes remaining unredeemed being only .75 of the amount issued. The percentage of notes unredeemed by the same banks on November 1, 1875, was 1.39, in 1876, 1.35, in 1878, .86, and in 1880 as has been seen is .75, showing a rapid increase in the redemption of the notes of these banks. The total amount issued to twenty-three National banks, in which are included the fifteen banks already mentioned which failed previous to the year 1873, was \$3,196,693, and the amount outstanding on November 1, 1880, was \$45,644; the proportion of notes remaining unredeemed being but 1.43 of the amount issued. The total amount outstanding of the notes of these banks has been reduced \$11,430 since November 1, 1878, and the percentage reduced from 1.78 to 1.43. The total amount issued to thirty-four National banks which failed previous to 1874, was \$5,599,893, and the amount outstanding on November 1, 1880, \$177,449. The proportion of notes unredeemed being 3.17 of the amount issued.

Of the circulation of fifty-one National banks in voluntary liquidation previous to 1870, amounting to \$5,832,940, there yet remains outstanding \$11,467, or 2.01 per cent. only of the amount issued; and of the circulation of seventy-five banks in liquidation prior to 1872, amounting to \$8,648,980, there remains outstanding \$177,075, which is equal to a percentage of 2.05; and of a circulation of eighty-nine banks in liquidation prior to 1873, in amount \$10,764,080, there remains outstanding \$232,879, or 2.17 per cent. of the amount issued; and of the circulation of 105 banks in liquidation prior to 1874, in amount \$12,709,100, there remains outstanding \$326,568, or 2.58 per cent. of the amount issued.

The percentage of the fifty-one National banks in voluntary liquidation previous to 1870, which is now 2.01, was in 1878 2.59; the percentage of seventy-five banks in liquidation prior to 1872, which is now 2.05, was in 1878 2.63; and the percentage of eighty-nine banks in liquidation prior to 1873 is now 2.17, which was in 1878 2.82.

These statistics show a rapid reduction during the last two years in the amount of outstanding circulation of banks which have ceased to do business, and indicates that the final loss upon the notes of National banks will not exceed one or one and a half per cent.

The amount of demand Treasury notes issued, which were payable in gold coin, from July 17, 1861, to December 31, 1862, was \$60,000,000 in denominations of five, ten, twenty dollars, and the amount outstanding on November 1 last, was \$60,825. The proportion unredeemed being but little more than one-tenth of one per cent., \$8,882 having been redeemed within the last five years.

The highest amount of legal-tender notes of the first issue outstanding was \$449,479,222 on February 3, 1864. The amount of these notes outstanding on November 1, 1880, was \$14,947,895, or 3.33 per cent. of the highest amount issued. The issues of Treasury notes of the series of 1869 and 1874 have not been as largely reduced. This is accounted for by the fact that large amounts of the legal-tender notes have been held for years by the National banks as reserve, and have not, therefore, been returned to the

Treasury for destruction and replacement by subsequent issues. As the amount of legal-tender notes held by the National banks as reserves has been recently largely displaced by coin, it is probable that the amount of the early issues of the legal-tender notes will be speedily reduced.

These tables are given somewhat in detail for the purpose of correcting the belief which is very generally entertained, that the proportion of circulating notes outstanding, which will ultimately be lost or destroyed, is much greater than is shown therein.

It is also believed by many that the loss of such notes is a gain to the bank which issues them. The Comptroller receives frequent letters of inquiry upon the subject, and therefore repeats the following paragraph, which was given in a previous report:

"Section 5,222 of the Revised Statutes requires that all National banks which go into voluntary liquidation shall, within six months thereafter deposit in the Treasury an amount of lawful money equal to the amount of their circulating notes outstanding. The law also requires that full provision shall be made for the redemption of the circulating notes of any insolvent bank before a dividend is made to its creditors. Thus it will be seen that no association can close its business without first providing for the payment of all its circulating notes, and that the amount deposited for their redemption must remain in the Treasury until the last outstanding note shall have been presented. It is therefore plain that the government, and not the bank, receives all the benefit arising from lost or unredeemed circulating notes."

UNITED STATES BONDS OUTSTANDING AND THE AMOUNT HELD BY THE NATIONAL BANKS, STATE BANKS AND PRIVATE BANKERS.

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, of each year, 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	194,528,435	—	—	1,202,916,904
July 1, 1867	1,421,110,739	198,533,435	—	—	1,619,644,174
July 1, 1868	1,841,521,800	221,588,400	—	—	2,063,110,200
July 1, 1869	1,886,341,300	221,588,300	—	—	2,107,929,600
July 1, 1870	1,764,932,800	221,589,300	—	—	1,986,522,100
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	711,685,300	—	—	1,696,684,950
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	310,912,500	646,905,500	250,000,000	679,878,110	1,887,716,110
July 1, 1880	235,780,400	484,864,900	250,000,000	739,347,800	1,709,993,100
Nov. 1, 1880	217,699,550	469,651,250	250,000,000	739,347,800	1,676,698,600

NOTE.—Navy pension fund amounting to 14,000,000 three per cents, the interest upon which is applied for the payment of naval pensions exclusively, not included.

Since the year 1865, the National banks have held an average of more than one-fifth, and now nearly one-fourth, of the interest-bearing debt of the United States. Previous to the year 1872, much the larger portion of these bonds bore interest at the rate of six per cent., and until the year 1877 all of the bonds bore interest either at five or six per cent. These classes of bonds have since been greatly reduced, and are now less than two-thirds of the amount pledged for circulation, while more than two-fifths of the amount consists of bonds bearing interest at four and 4½ per cent.

This will be seen from the following table which exhibits the amounts and classes of United States bonds owned by the banks, including those pledged

as security for circulation, and for public deposits on the first day of July of each year since 1865 and upon November 1 of the present year :

SECURITY OF CIRCULATING NOTES.

The following table exhibits the classes and amounts of United States bonds held by the Treasurer on the 1st day of November, 1880, to secure the redemption of the circulating notes of the National Banks :

<i>Class of bonds.</i>	<i>Authorizing Act.</i>	<i>Rate of Interest.</i>	<i>Amount.</i>
Loan of February, 1861 (804).....	February 8, 1861.....	6 per cent.....	\$ 2,046,000
Loan of July and Aug., 1861 (818).....	July 17 and August 5, 1861.....	".....	33,405,050
Loan of 1863 (818).....	March 3, 1863.....	".....	17,027,100
Consols of 186.....	March 3, 1865.....	".....	3,000
Consols of 1868.....	".....	".....	5,000
Ten-forties of 1864.....	March 3, 1864.....	5 per cent.....	526,900
Funded loan of 1881.....	July 14, 1870, and Jan. 20, 1871.....	".....	146,552,850
Funded loan of 1891.....	".....	4½ per cent.....	36,988,950
Funded loan of 1907.....	".....	4 per cent.....	119,075,100
Pacific Railway bonds.....	July 1, 1862, and July 2, 1864.....	6 per cent.....	4,119,000
Total.....			\$ 359,748,950

On October 1, 1865, the total amount of bonds held for this purpose was \$276,250,550, of which \$199,397,950 was in six per cents., and \$76,852,600 in five per cents. On October 1, 1870, the banks held \$246,891,300 of six per cents., and \$95,942,550 of five per cents. Since that time there has been, to November 1, 1880, a decrease of \$190,286,150 in six-per-cent. bonds, and an increase of \$51,137,200 in five per cents.

The banks now hold \$36,988,950 of four and a half per cents., which have been deposited since September 1, 1876, and \$119,075,100 of four per cents., which have been deposited since July 1, 1877.

During the year \$19,243,300 of four per cents. have been withdrawn, chiefly for the purpose of realizing the large premiums on these bonds, and \$22,370,750 of five per cents. deposited, which will mature in a few months. The banks still hold \$8,000 of six-per-cent. five-twenty bonds, and \$526,900 of five-per-cent. ten-forty bonds upon which interest has ceased. They also hold \$146,552,850 of the fives of 1881, which are redeemable on the 1st of next May, and \$2,046,000 of sixes of 1880, payable on the first day of January next, and \$50,432,150 of sixes of 1881, which are redeemable on the 1st of July next.

CLEARING-HOUSE CERTIFICATES.

Section 5,192 *Revised Statutes* provides that 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, within the preceding section, and section 5,193 provides that the Secretary of the Treasury may receive United States notes on deposit, without interest from any National banking associations, in sums not less than ten thousand dollars, and issue certificates therefor in denominations of not less than five thousand dollars, which certificates may be counted as part of the lawful money reserve, and may be accepted in the settlement of Clearing-House balances at the places where the deposits therefor were made.

The legal-tender note certificates were first issued in 1873. On June 30, 1875, there were outstanding \$59,045,000 of these certificates, of which the National banks held \$47,310,000. On June 30, 1876, the amount outstanding was \$33,140,000, of which the banks held \$27,955,000; on June 30, 1879, the amount had been reduced to \$29,330,000, and the banks held on June 14 of the same year \$25,180,000. The amount outstanding on October 1, 1880, was \$9,975,000, and the National banks held on that day \$7,655,000, they having surrendered a large portion of these certificates for the purpose of supplying the demand for United States notes.

The issue of the gold certificates was authorized by 5th section, Act March

3, 1863, and were used for Clearing-House purposes soon after the passage of the National Bank Act. The first issue was made on November 13, 1865. On June 30, 1875, there were outstanding \$21,796,300 of which the National banks in New York City held \$12,642,180. The issue of these certificates was discontinued on December 1, 1878, and the amount outstanding had decreased on June 30, 1879, to \$15,413,700, on June 14, 1879, to \$8,439,560, and on October 1, 1880, \$7,655,000. The issue of gold certificates having been discontinued by the Government, and the amount of gold coin having rapidly increased, the banks in New York found it necessary to establish a depository of gold coin for the convenience of the Clearing House. This depository at the present time is in the vaults of the Bank of America, from which certificates were first issued on October 14, 1879. The amount of certificates outstanding by this depository was on November 1, 1879, \$9,155,000, and on January 1, 1880, \$25,610,000, and on June 1, and since that time \$39,550,000 which is the capacity of the vault. Of this amount the National banks of New York City held on June 11, 1880, \$33,337,000, on October 1, \$36,189,000.

The Clearing Houses of Boston and Philadelphia and Baltimore have organized similar depositories, in order to utilize their gold coin and save the risk and inconvenience of handling and transporting the coin itself. The total amount of such certificates issued by the National banks in New York on October 1, was \$35,183,000, Philadelphia, \$6,040,000, Boston, \$5,908,000, Baltimore, \$30,000. Total, \$48,167,000.

UNITED STATES SIX PER CENTS OF 1880.

CIRCULAR FROM SECRETARY SHERMAN.

The following circular, relative to the payment of United States six-per-cent. bonds, Act of February 8, 1861 (6s of 1880), was issued by the Secretary of the Treasury on November 16th:

"Notice is given to holders of United States six-per-cent. bonds issued under Act of February 8, 1861, and commonly known as the '6s of 1880,' that said bonds, with accrued interest thereon, will be paid at this Department December 31, 1880, and that interest on said bonds will cease that day. These bonds which are in denominations of \$1,000, with coupons; and \$1,000, \$5,000 and \$10,000 registered, bear the inscription 'Loan of 1861,' but should not be confounded with the bonds known as 'sixes of 1831,' issued under Acts of July 17 and Aug. 5, 1861, and March 3, 1863. Holders of these sixes of 1880, are advised that, if the bonds are received at this Department within a sufficient time prior to their maturity to admit of necessary examination, payment therefor can be made more promptly at maturity. The Department will receive bonds at any time, and hold them for that purpose, redeeming them in order of their receipt. All bonds forwarded for redemption should be addressed to the Secretary of the Treasury, Loan Division, Washington, D. C., and all registered bonds should be assigned to the Secretary of the Treasury, for redemption. Where parties desire checks in payment for registered bonds drawn to order of any one but the payee, they should assign them 'to the Secretary of the Treasury for redemption for account of (herein insert name of person or persons to whose order the check should be made payable).' The bonds of this loan (sixes of 1880) will also be purchased meanwhile, in the usual manner, at the office of the Assistant Treasury of the United States, at New York, each Wednesday, in such amounts as the surplus revenues will permit, provided they can be procured upon satisfactory terms.

“(Signed) JOHN SHERMAN, Secretary.”

THE MISSOURI BANKERS' ASSOCIATION.

The second annual Convention of this Association met at Sweet Springs, Saline county, on July 19th. In the absence of the president, Jos. L. Stephens, who was unexpectedly called away, the Convention was called to order by Vice-President Edgar M. Yates, cashier of the Merchants' Bank, St. Joseph.

An address was delivered by the Hon. Henry Clay Dean, upon the subject of Banking, in which the orator treated of the utility and necessity of banks to the promotion of commerce. He showed that their function was among the most important of the inventions and improvements which have been the offspring of a higher intelligence among mankind. He alluded to the cloudy misapprehensions among the people upon the subject of banking, who had mistaken the abuses of the banking system for the system itself. Mr. Dean dwelt upon the fact that improvements and innovations have caused temporary distress to be followed by a more general prosperity, and that during the time requisite for a generation of people to adapt themselves to the ensuing changes, it is not unnatural that blame should be imputed by the unthinking to those who were in possession of the money of the country. He showed that banks cannot safely engage in speculation or party politics, or be the tools of either speculators or politicians; that faith and confidence are the foundation of business and commerce; that banking is judged by its vices rather than from its real character. Upon the laws which properly determine the volume of the currency, Mr. Dean spoke as follows:

The amount of money necessary to the health of the circulating medium for the purposes of business among a people, depends upon the following facts and conditions:

1. The amount of debt which is due from the people to strangers, which must be made off of the products of their labor, and to be paid in a specific coin.
2. The prices which are fixed upon the labor and articles for exportation which must always regulate the value in the home market.
3. If a people are excluded from other people, so as to have no commercial intercourse with them, and are at the same time free from debt, then the volume of currency would conform the prices of labor and other commodities to itself. In this case, whether the prices were higher or lower, it would work no inconvenience to society or business.

The greatest shocks which business suffers from are the sudden changes, either in the increase or diminution of the volume of currency. By the first, the value of money is diminished; by the second, the value of property may be so lessened as to make it merely nominal. The latter is more severely felt, because public debts which rests upon the credit and taxes of the people remain the same, while the rents will depreciate with the values of property, until the taxes and necessary expenses will devour the entire proceeds, leaving no balance as an income on the investment upon real estate, and it is the enormous debt and consequent taxes more than all other causes, which accounts for the terrible condition of affairs in Ireland, which is driving the tenantry to starvation, and brutalizing the landlords. The violent change which reduced the volume of currency, whilst the public debt remained unchanged, caused our late terrible financial crisis which swept the whole land with bankruptcy and the riot and ruin which followed.

The aggregate losses to the government by the depreciation of the currency from January, 1862 to January, 1863, was.....	\$ 420,000,000
From January, 1863, to July, 1864.....	457,000,000
From July, 1864, to April, 1866.....	420,000,000

Making a total of.....\$ 1,297,000,000

This loss does not include the losses of private individuals.

Albert Gallatin, the greatest of all our Secretaries of the Treasury, says: "Its process must be slow. The legislature was not and could not be aware how slow and gradual the diminution of discounts must be in order that universal distress may not ensue." For whenever one dollar in paper is worth one dollar in gold, and then the paper depreciated in value until it required \$ 2.89 to buy one dollar in gold, somebody lost the difference between the two values. In a time of great commercial activity, with the immense volume of currency afloat, the loss would be incalculable; and all of it would be sustained by the people and business of the country. Nothing but a miracle, where miracles are neither promised nor possible, could prevent public disaster after such violent and arbitrary changes in values as have taken place in the circulating medium of the country within the last twenty years.

4. When a nation is engaged in exporting and importing, the volume of its currency must conform to the standard of values existing in the countries with which it trades, while the material of which its money is made must always be in common with nations dealing with each other. The material of which money is made, the volume of currency, as well as the prices which obtain among any people must always depend upon the character, business and relations of the countries with which they deal. A want of conformity to this well-established axiom is a solution of the constant legislative changes, controversies and revolutions which have grown out of the differences of opinion and practices of governments in the management of finance.

Perhaps the greatest difficulty in financial legislation results from the utter ignorance of our legislative bodies; ignorance not only of the wants of the people but ignorance of the plainest principles of political economy and political philosophy. You can take your seat at the gate of your court-house yard and count the first hundred men you meet, and these would very fairly represent the talent, culture and practical sense of the average legislature of the country.

The great evil of ignorance opens the way for the greater evil of personal interference by professional lobbyists to shape legislation in the interest of persons, jobs and classes, and special legislation in nowise connected with the public welfare. In this way, the classes who are able to hire an audience with the legislature, secures legislation which obstructs trade, in violation of the bill of rights and restrictive constitutions. The entire business interests of the country are subordinated to the selfish rule of personal government. This always will be so, unless carefully watched, for "eternal vigilance is the price of liberty." Whatever legislation injures commerce, in like manner injures the finances of the country, and carries its evil influences to the merchant and the bank alike. There is no maxim so universally true as this, that trade needs no legislative assistance, and thrives best unobstructed by laws, whilst no honest business needs the assistance of government.

This is especially true when the aid given to the few is at the expense of the many, which is almost universally the case with special legislation, which interferes with trade, which knows no other law than that of supply and demand.

Mr. Dean urged strongly the necessity of a Bankrupt law as the safety valve of prosperous trade, gave an interesting history of such laws in the past, and argued for early action towards an efficient one for the future.

After a recess, the secretary of the Convention was instructed to confer with a committee of the next Legislature of the State in regard to some defective points in the banking law of the State, namely:

Clerical and other errors in the form of Statement called for by the Secretary of State, under the head of liabilities—"Surplus funds on hand;" this should be simply "surplus." The word *surplus* in a bank statement has a certain well-known meaning and can there mean nothing else. To add "funds on hand" makes its meaning so doubtful that some bank officers are unwilling to fill up that line, under oath, but leave it vacant and put the amount of their *surplus* on a lower line in the printed form furnished by the Secretary of State. Whether the surplus is "on hand" or not, is necessarily shown by the other side of the statement, and that expression is superfluous and sometimes contradictory and confusing.

The "expenses" are on the wrong side of the account. No bank book-keeper can make out a statement under the form required by our law and make the footings of the two sides equal. The words "now due" are useless, as no system of bank book-keeping known enters up any expenses until they have been paid. If the object of the law is to give publicity to the expenses of the bank, it could be accomplished by requiring a reference to the date of the last summing up of expenses; as for instance—"expenses since the — day of — 18—."

Mention was made of the fact that the law is silent on the subject of who may be a proxy to vote the stock of an absent stockholder. The law forbids any one not a stockholder to vote the stock of an insurance company as proxy, but no such provision exists in the banking law. It is now the practice for outsiders to vote the stock of stockholders in bank elections. If one can do this others may. The consequence would be that a bank election might be conducted entirely by non-stockholders; doubtless such is not the intention of the law.

The present law does not permit the vice-president to sign the statement called for by the Secretary of State, in absence or inability of the president to act; nor the assistant cashier to sign for the cashier. These are neglects or oversights in the law, and work serious inconveniences in some cases. As the Secretary of State can call for a statement at any time, it must of course sometimes happen that he will call for one during the absence of the president or cashier. The bank can not in such cases make a prompt statement, but must wait for the officers to return.

To fill the vacancy occasioned by the removal to Philadelphia of F. Leser, late Cashier Lafayette Bank, St. Louis, Vice-President of the first district, Jules F. Janis, of Harris & Janis, bankers, of Ste. Genevieve, was elected.

Adam Ittel, Cashier of the Citizens' National Bank, of Sedalia, was elected Vice-President for the seventh district.

George Wilson presented his resignation as Secretary. Upon objection being made to its acceptance, he stated that his action was prompted by no discouragement at the prospects of the Association, nor intention of being less active and zealous in furthering its objects than heretofore; but that it was absolutely necessary for him to get such rest as could not be had without cutting down his present engagements for at least a year. His action had been long and well considered, and he desired that the Association accept it. These reasons appearing satisfactory, the resignation was accepted. R. P. Williams, of Payne & Williams, bankers, Fayette, Mo., was appointed Secretary, and A. F. Davis, of Fayette, was then elected Vice-President for the eleventh district, in place of R. P. Williams.

A very interesting address was delivered by Mr. George Wilson, of Lexington, for which we hope to find space in a future number.

List of Officers for Second Year.—JOS. L. STEPHENS, President Central National Bank, Boonville, President; R. P. WILLIAMS, of Payne & Williams, Bankers, Fayette, Secretary; JOHN NICKERSON, Cashier St. Louis National Bank, Treasurer.

Vice-Presidents.—JULES F. JANIS, of Harris & Janis, Ste. Genevieve; C. B. BURNHAM, President Bank of Commerce, St. Louis; R. STURDIVANT, Banker, Cape Girardeau; C. H. FROST, President National Bank of Rolla; PAUL F. THORNTON, Banker, Nevada; ADAM ITTEL, Cashier Citizens' National Bank, Sedalia; C. J. WHITE, Cashier Kansas City Savings Association; EDGAR M. YATES, Cashier Merchants' Bank, St. Joseph; S. MCWILLIAMS, President People's Saving Bank, Chillicothe; A. F. DAVIS, Banker, Fayette; GEO. A. HAWES, President Farmers & Merchants' Bank, Hannibal; D. H. MOSS, President First National Bank, Paris.

Executive Council.—R. T. GENTRY, Chairman, Assistant Cashier Sedalia Savings Bank; R. Q. ROACHE, President Mohiteau National Bank, California; J. B. KELSEY, President Morgan County Bank, Versailles; W. Q. DALLMEYER, Cashier First National Bank, Jefferson City; J. H. CORDELL, of Cordell & Dunnica, Marshall; JOHN L. WOOLFOLK, of Avery, Woolfolk & Co., Moberly; P. F. KELEHER, of P. F. Keleher & Co., St. Louis.

LEGAL MISCELLANY.

[COMPILLED FROM THE ALBANY LAW JOURNAL.]

MORTGAGE ACCOMPANYING NEGOTIABLE NOTE NOT LIABLE TO EQUITIES.—Where a negotiable note secured by a mortgage is, with the mortgage, transferred in Indiana to a *bona fide* purchaser for value without notice, before maturity, he takes the mortgage free from the equities between the parties. The Court say in *1 Jones on Mortgages*, § 11: "In equity a mortgage of land is regarded as a mere security for a debt or obligation, which is considered as the principal thing, and the mortgage only as the accessory. The legal title vests in the mortgagee merely for the protection of his interest, and in order to give him the full benefit of the security; but for other purposes the mortgage is a mere security for the debt." This rule, as to the essential qualities of a mortgage, has been fully recognized and accepted in this State. *Fletcher v. Holmes*, 32 Ind. 497. With us the debt secured is the principal thing and the mortgage is but the incident. *Samples v. Rowe*, 24 Ind. 208; *Garrett v. Pickett*, 15 *id.* 485. It follows that in this State the indorsee of a negotiable note, secured by mortgage, takes the mortgage discharged from all the equities to which the note may have been subject in the hands of the payee, to the same extent as the note itself is discharged from such equities. In that respect the indorsee takes the mortgage as he takes the note. *Carpenter v. Lougan*, 16 Wall. (U. S.) 271; *Logan v. Smith*, 62 Mo. 455. Indiana Sup. Ct. May 25, 1880. *Gabbart v. Schwartz*. Opinion by NIBLACK, J.

NEGOTIABLE INSTRUMENT—UNREASONABLE DELAY TO PRESENT BILL DISCHARGES DRAWER.—Unreasonable delay of a payee of a draft to present it to the drawer, or to notify the drawer of its non-acceptance or non-payment, or to return it to him as refused by the payee, makes the paper the payee's own and discharges the drawer. In this case E being indebted to A, proposed to give him an order on X, and A refused to receive it, giving no reason, except that he wanted the money. E then promised to send A a sixty-day draft, which A understood to be on a bank. Six weeks thereafter A wrote to E asking the latter to send him a sixty-day draft for the amount due, and E sent him a sixty-day draft on X. Without presenting this draft to X, returning it to E, or making any objection to it, A kept it about a year and then offered to return it, but E refused to receive it. It does not appear that X was unable to pay the draft at any time, or that E suffered any loss by the delay in presenting or returning it. *Held*, that these facts are not sufficient in law to relieve A from the operation of the rule above stated, in the absence of any finding by the jury that E acted in bad faith in sending the draft to A under the circumstances. *Millberg v. Fisher*, 24 Wis. 607; *Webster v. Studdin*, 14 *id.* 277; *Ford v. Mitchell*, 15 *id.* 204; *Lindsley v. McLlland*, 18 *id.* 481; *Phoenix Ins. Co. v. Shoales*, 20 *id.* 35. Wisconsin Sup. Ct., September 21, 1880. *Allan v. Eldred*. Opinion by ORTON, J.

NEGOTIABLE INSTRUMENT—RECEIVER'S CERTIFICATE NOT.—A receiver was authorized by order of the Court to issue certificates payable to the payees named "or order." The receiver issued a certificate payable to the payee "or bearer." *Held*, that an innocent purchaser for value did not hold such certificate undorsed by the payee free from the equities; first, because the receiver was not authorized to issue it in the form it was in, and second, because such a certificate is not commercial paper. In *Dauks v. Loraine*, 3 Wils. 207, in respect to such paper it is said, that a bill of exchange must carry with it a personal and certain credit given to the drawer not confined to credit upon any thing or fund. He to whom such a deed is made payable or indorsed takes it upon no particular event or contingency except the failure of

the general personal credit of the persons drawing or negotiating the same. The Courts of this country have, with great unanimity, given the same general definition of negotiable instruments. In *Beard v. Underwood*, 74 Ill. 176, it is said that it enters not into the definition of a promissory note that the money must be payable at all events, not depending on any contingency in regard to the event, or the fund out of which payment is to be made, or to the parties by or to whom payment is to be made. *Husband v. Epling*, 81 Ill. 172; *Mills v. Kuykendall*, 2 Black. 47; *Haniman v. Sanborn*, 43 Me. 128; *West v. Fonner*, 21 Ala. 400; *Corbit v. State*, 24 Ga. 287. Applying these principles, it is apparent that receiver's certificates, such as the one in issue, have none of the essential qualities of negotiable or commercial paper. They are of recent introduction in business transactions, and have not been the subject of much judicial construction. The most that can be predicated of them is that they are evidence in the hands of the holder that he is entitled to receive from the fund, under the control of the Court that authorized its officers to issue them, the amount specified, if the fund is sufficient to pay in full all holders of such certificates, or if it is not sufficient, then only a *pro rata* share with other holders. Nearly every quality essential to the negotiability of commercial paper is wanting in such certificates. In the first place they are not payable unconditionally out of any fund. Whether in any event they are payable in full depends on the question whether the fund under the control of the Court is sufficient for that purpose. That fact cannot be known except upon inquiry into the amount of such certificates issued by the officer authorized to act, and as to the value of the fund to be administered. Illinois Sup. Ct., May 18, 1880. *Turner v. Peoria & Springfield Railroad Co.* Opinion by SCOTT, J.

NEGOTIABLE INSTRUMENT—TRANSFER IN PAYMENT OF ANTECEDENT DEBT SHUTS OUT EQUITIES.—Mere possession of a negotiable instrument produced in evidence by the indorsee or assignee, when no indorsement is necessary, imports *prima facie* that he acquired it *bona fide* for full value in the usual course of business before maturity, and without notice of any circumstance impeaching its validity, and that he, as the owner, is entitled to recover against the maker, notwithstanding there might be a good defence to the instrument against the payee. To let in a defence by the maker against the assignee, the maker must first prove that there was fraud or illegality in the inception of the instrument, or show circumstances which raise a strong suspicion of fraud or illegality. When this is done it will devolve upon the holder to show that he "acquired the instrument *bona fide* for value in the usual course of business, while current, and under circumstances which create no presumption that he knew the facts which impeach its validity." Daniel on Neg. Inst., §§ 812-815. That it was taken for the purpose of liquidating antecedent indebtedness is in the usual course of business and the one taking it is a purchaser for value. It is certainly so to the common understanding. And the Court believes it has been universally so held when the antecedent debt is released, paid, novated or discharged by the transfer or assignment. 2 Daniel on Neg. Inst., ch. 39, § 1; Hare & Wallace's notes to Lead. Cas. in Eq. 103 *et seq.*; *Grenaux v. Wheeler*, 6 Tex. 526; *Planters' Bank v. Evans*, 37 id. 592. *Ayers v. Dupree*, 27 id. 99, does not conflict with this. Texas Supreme Court, March 19, 1880. *Blum v. Loggins*. Opinion by MOORE, C. J.

INTEREST—WHEN AT CONTRACT RATE AFTER DUE.—A mortgage to secure a note set forth that it was to be void if the mortgagor should pay the sum secured in five years, "with interest at the rate of seven and one-half per cent. per annum." *Held*, that after the five years, if the note was not paid, the rate of interest would be seven and one-half per cent., and not the legal rate, six per cent. The Court say that in *Brannon v. Hursell*, 112 Mass. 63, it was held in an action upon a promissory note payable in four months, "with interest at ten per cent.," that interest was to be computed at that rate, not merely to the maturity of the note but to the time of the verdict; and upon reconsideration of the authorities there referred to, and examination of the numerous decisions cited at the argument of the present case, we see

no reason to overrule or qualify the point adjudged. See *Price v. Great Western Railway*, 16 M. & W. 244; *Morgan v. Jones*, 8 Exch. 120; *Keane v. Keane*, 3 C. B. (N. S.) 144; *Cook v. Fowler*, L. R., 7 II. L. 27; *Gordillo v. Weguelin*, 5 Ch. D. 287; *In re Roberts*, 14 id. 49. Before the decision in *Brannon v. Hursell*, the rule there declared had been established in Indiana, California, Texas, Illinois, Iowa, Wisconsin and Nevada. It has since been affirmed by decisions of the highest courts of Ohio, Michigan, Virginia and Tennessee. And it has been acted on by Judge Lowell in the Circuit Court of the United States for this district. *Burgess v. Southbridge Savings Bank*, 2 Fed. Rep. 500. In Connecticut the law seems formerly to have been considered as settled in accordance with these decisions; and, although some recent *dicta* have a tendency to explain away the grounds assigned in the earlier judgments, there is no adjudication to the contrary. The earlier decisions in New York support the same rule, both as to mortgages and as to ordinary debts. But in the light of later cases, the question may perhaps be considered an open one in that State. The leading cases in support of the opposite view are *Ludwick v. Huntsinger*, 5 W. & S. 51, and *Brewster v. Wakefield*, 22 How. 118. The same rule appears to have been followed by the Supreme Court of the United States in *Brunbisel v. Firman*, 22 Wall. 170. And it has since been adopted as a general rule by the Courts of Kansas, Minnesota, South Carolina, Rhode Island, Kentucky, Arkansas, and Maine. But the later judgments of the Supreme Court exhibit a difference of opinion as to the general rule, though not of adjudication in the particular cases before the Court. *Cromwell v. County of Sac*, 96 U. S. 51; *Holden v. Trust Co.*, 100 id. 72. *Union Institution for Savings v. City of Boston*. Mass. Supreme Court. Opinion by GRAY, C. J.

NEGOTIABLE INSTRUMENT—PAYMENT OF DEBT BY CHECK—LOSS OF CHECK—CERTIFIED CHECK—PAYMENT ON FORGED INDORSEMENT—RIGHTS AND LIABILITIES OF PARTIES.—Where a party pays his own debt by a check to the order of his creditor or of a party nominated by his creditor, he can be called upon to pay it again in case the creditor loses or is defrauded of the check and it is paid to the finder or fraudulent holder on a forged indorsement. And the case is not varied by the circumstance that the check was certified after delivery and before payment, it not being shown that such certification was procured by the creditor to whom the check was given or by the payee of the check. If the check had been lost and the finder had procured it to be certified and forged the indorsement, the certification would not be binding upon the bank nor affect the rights of the parties after it had been surrendered. It is only in case the true owner of the check has received the certification that recourse can be had upon it against the certifying bank, notwithstanding the subsequent loss of the check and the payment upon the forged indorsement. In this case where plaintiff received a check to the order of H from the defendants on the M bank, and this check was certified by the M bank, and afterward paid upon a forged indorsement, the amount of the check having been charged by defendant against plaintiff and by them settled, *held*, that defendant was liable to plaintiffs for the amount of the check, it not appearing that the certification was obtained by plaintiffs or their agent, or that the claim of defendants upon the M bank for the check had been barred by the statute of limitation. It is well settled that a bank paying upon a forged indorsement must bear the loss, and cannot charge to a depositor. Judgment affirmed. *Thompson et al. v. Bank of British North America*, appellants. New York Court of Appeals. Opinion by RAPALLO, J. [Decided Sept. 21, 1880.]

BOOK NOTICES.

National Banking Examined. By GEO. WILSON, Jr.: 1880. 132 pp., 8vo.

This is the work of a Missouri banker, who arraigns the present system of National banking, and, indeed, any system of National banking, upon a great variety of grounds, constitutional and politico-economical. His general leanings are towards the bullion theory of money, but he prefers that the function of issuing notes, not as legal tender but as an instrument of commerce, should be restored to the State banks. In the present condition of public opinion, or in any condition of such opinion which can be conceived of as possible during this generation, all ideas of that kind seem impracticable of execution. Having once enjoyed the advantages of a paper money current, without question and without discount, in every part of the country, the public cannot be persuaded to the old system of local issues, which were subjected to brokerages, and often to return to heavy brokerages, at the distance of half a day's journey from the issuing banks. Uniformity of value in all places is a feature absolutely essential to any plan of currency which can be made acceptable in the United States.

Maguire's Code of Ciphers. A comprehensive system of cryptography designed for general use. By CHARLES H. J. MAGUIRE: Quebec, 1880. Small 8vo, pp. 114.

This book, prepared by Mr. C. H. J. Maguire, chief accountant of the Union Bank of Lower Canada, is a system of cryptography which seems to be more nearly perfect than any we have yet seen. His code is arranged in conformity with the rules and regulations respecting secret writing telegrams, adopted by the International Convention of Telegraph Companies, which has been in force since last April. The book comprises a vocabulary of upwards of 18,000 words, together with banking, mercantile and other terms, phrases and sentences, also geographical names, tables of figures, etc. Each of these words, phrases or sentences can be expressed under this system by a combination of any three letters of the alphabet, and the number of these possible combinations is so enormous that absolute secrecy is assured. The code also includes a table of figures by which any number up to 10,000 and round numbers up to 49,900 millions may be expressed by a single cipher.

The usefulness and economy of such a book is enhanced under the new regulations of telegraph companies as to codes. These rules prohibit the use of proper names as *ciphers*, allow only three letters, arbitrarily placed, as one word, and on words exceeding ten letters charge double rates. For ordinary domestic business transactions by wire, when the length of a message is considerable, this work can be used with marked advantage, even where secrecy is of no importance.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. NOTE PAYABLE TO ORDER OF DRAWER.

Is there any imperfection in a note drawn thus :

"\$ 5,000.

" Oct. 1, 1880.

" Four months after date we promise to pay to the order of ourselves, Five thousand dollars, for value received.

"(Signed)

DOE, ROE & Co.

" Indorsed DOE, ROE & Co., also under theirs, indorsed SMITH, BROWN & Co."

Is not the object of making the note payable to order of drawers to make it negotiable or assignable, and does the indorsement by them make it so? Does not the indorsement of "Smith, Brown & Co." guarantee absolutely the payment of the note? Can the words "for value received" impose any obligation on the party holding the note, other than the indorsers, to prove that value was given and received?

REPLY.—The validity of notes like this has long been recognized. The legal doctrine in relation to them is, that, although a note payable to the order of the maker, is, so far, an incomplete and imperfect instrument, yet when it has been indorsed by the maker, it becomes in effect a note payable to bearer. When such notes were first discussed by the Courts they were said to be "informal if not absurd in form" and to have been introduced from some unknown reason, but it is now explained that they "are designed to enable the holder to pass them without indorsement, and are simply roundabout notes payable to bearer." The indorsement of Smith, Brown & Co. creates the ordinary liability of an indorser, viz., to pay if the makers do not, after demand upon the makers and notice to Smith, Brown & Co., of non-payment. It is not an absolute guaranty of payment at all events. The effect is the same whether they are considered as indorsers of a note payable to bearer, or as second indorsers of a note payable to order. The words "value received" were formerly supposed to be of effect in imparting negotiability to the instrument, but it is now agreed that "they only express what the law implies from the execution of the paper." *Daniel on Neg. Insts.*, § 108. By the word indorsers, we suppose the inquirer means Smith, Brown & Co., and that they were also the first takers from the maker. As between Smith, Brown & Co. and the makers, the presumption would be that value was given and received, and Smith, Brown & Co. would be entitled to rely upon this presumption, and need offer no evidence to prove value given and received, until the consideration was impeached by the makers. As between the makers and any subsequent taker of the note, before maturity, for value and without notice of any defence to it, this presumption is conclusive. It does not arise, however, from the use of the words "value received," but from the making of the note itself, as before stated. It was said by an English judge that these words "are only inserted *ex majori cantela*, in order that the payee may be able to recover in an action for money lent, or money had and received, in case the instrument should be defective in other respects as a [note or] bill of exchange."

II. LOCAL TAXATION OF NATIONAL BANKS.

Have State or municipal authorities a right to collect occupation taxes under local laws from National banks?

REPLY.—The tax system of Texas, from which State the inquiry comes, provides for the taxation of persons who carry on any of a number of the ordinary occupations of life, such as merchants, commercial travelers, brokers, lawyers, doctors, etc., etc., and, among others, imposes a tax upon "every person, firm, or association of persons, engaged in discounting and shaving paper, or engaged in business as money brokers or bankers." It is well settled that National banks are not liable to taxes of this sort. The general principle which governs the taxation of National banks was established by the decision of the Supreme Court of the United States, in 1819, in the famous case of *McCulloch v. Maryland*, growing out of an attempt to tax a branch of the Bank of the United States. It is, that a State cannot tax one of the agencies created by the National Government to carry into effect the national powers granted to it by the Constitution; for the power to tax implies the power to destroy. Upon this principle National banks are not liable to taxation by the States at all, unless such taxation is expressly permitted by the United States law under which the banks are created. Section 5,219 of the Revised Statutes, relating to this subject, only permits the taxation, by the States, of shares in National banks to the owners thereof, under certain familiar restrictions, and of the real property of the bank to the bank itself. No other form of State or municipal taxation is mentioned in the law, and therefore none other is permitted. See *Nat. Bank of Chattanooga v. Mayor & Heisk.* (Tennessee) Reports 814, for a decision upon a similar tax.

RATES OF INTEREST IN CANADA.

[FROM THE TORONTO MONETARY TIMES, OF NOV. 5.]

A Montreal journal gives a summary of the provisions of the charter of the Credit Foncier Franco-Canadian. In this summary, given by the *Star*, we read: "The Society has the right to perform all operations intended for the development of loans upon immovables in the Province of Quebec, at terms extending from ten to fifty years, repayable at long date by annuities, or at short date, with or without a sinking fund. It is also authorized to loan upon hypothec or otherwise to municipal and school corporations, to *Fabriques* and trustees of churches; to purchase and resell bonds or debentures issued by municipal and school corporations, and by all incorporated companies doing business in this Province; to make loans to the Provincial Government and to purchase and resell our public securities; to create and negotiate, as representing its operations, obligations or bonds to an amount not exceeding the amount due by its borrowers and the value of the bonds and public security in its possession. The rate of interest chargeable by the company cannot exceed six per cent., and the smallest loan it will give will be \$250." Power to make loans for as long a period as fifty years was taken in the belief that the rate of interest will be less in the future than at present. But the law now enables the borrower to terminate any loan after five years, by exercising the option of paying it off. This puts a limit to any benefit that might be obtained by the Company from unusually long loans.

The making of six per cent. the maximum rate of interest which the company can charge, is a sign of the times. This competition must affect all other loan companies. Borrowers who can get what they want at six per cent. will not pay higher rates. At this rate the company will have no difficulty in lending its \$5,000,000 of capital, for loans bearing a higher rate of interest will be exchanged for loans in the new company. Five millions will of course only go a certain way in effecting the exchange of existing loans. But when the present capital is all loaned, there is plenty more behind it; twice as much would be subscribed now, if there were any assurance that it could be used. Other lenders, in order to do business, must be prepared to compete with this new loan company in its interest rate. When higher rates are obtained, a lower class of security will have to be taken. There will of course be many exceptions to this rule. Not every borrower will come in contact with the agents of the Credit Foncier or ever become aware of the existence of the company. But the tendency of lending large sums at six per cent. must be to make that the ruling rate on mortgage loans as long as the loanable funds hold out.

Foreign capital has hitherto been attracted to Canada by the high rates of interest current here, and any great fall in the rate would tend to keep it away. This, however, would depend, in some degree, upon other things. The prevalence of a lower rate in England, whence most of our borrowed capital is drawn, will make lenders there willing to remit to Canada at lower rates than have obtained here. It is not probable that more than $3\frac{1}{2}$ per cent. will ever be obtainable in England on mortgage security. This still leaves margin enough to induce British capitalists to seek investments in Canada.

The users of borrowed capital are the active portion of all young communities, and on them the rate of material progress greatly depends. It will be a great advantage to Canadian farmers to be able to borrow at a rate of interest considerably lower than they have hitherto had to pay. Many of them may in consequence be tempted to make improvements on which they would not have otherwise ventured. That such improvements are much wanted in the old settlements is unquestionable. Professor Buckland gave utterance to a somewhat discouraging opinion the other day, before the Ontario Agricultural Commission. He expressed a doubt whether there were not cases in which exhausted lands would not be worth the cost of restoration, so long as a vast area of virgin soil is obtainable at a low cost. This question will doubtless occupy the attention of the directors of the Credit Foncier. There must be much land that requires restoration in the Province of Quebec. What Professor Buckland meant probably was, that the restoration of exhausted soils would prove to be a less profitable operation than the cultivation of new soils. This is certainly true, although it is conceivable that both operations might be carried on without loss.

The rate paid for the loan of money on mortgage does not determine and does not necessarily coincide with the rate paid for money used in commercial transactions. The cause of the difference is that in one case the loan extends only over a given number of days, while in the other it extends over some years. During these years the rate of interest will fluctuate on short loans, while loans for long terms, like the water below the action of the waves, remain undisturbed. These can only be affected by deeper and more permanent causes. Of course deep and permanent causes affect the rate of interest payable on every species of loan. How deep or how permanent are the causes that make the general rate of interest low, at the present time, it would not be easy to say; but it may be taken for granted that commercial loans will fluctuate in this respect, in the future, as they have in the past.

COUNTERFEIT UNITED STATES BONDS.

TREASURY DEPARTMENT.

WASHINGTON, D. C., Nov. 1, 1880.

The following information concerning the counterfeit \$ 1,000 coupon bonds, Acts of July 17 and August 5, 1861, has been furnished by experts of the Bureau of Engraving and Printing of this Department, and is published for the information and guidance of all concerned :

BODY OF BOND.

In the 1,000 counter, composed of nine sections at each side of the portrait of Chase, in the section at the left of the lower ball of the figure 1 in 1,000, the letter "S" in "Stat" is entire in the counterfeit. In the genuine only the upper half of the "S" is seen. Also, to the right of the letter "S" in the word "Register's" will be found a break in the hair line surrounding the portrait of Chase, about one-sixteenth of an inch in length, which does not appear in the genuine. The counterfeit differs from the genuine in the mitering in the four corners of the green border. Near the extreme corner, inside of the lathe-work border, a uniform white figure, in the shape of a heart, with the apex pointing towards the corners, will be observed on the counterfeit, and this figure is the same on all four corners; in the genuine these figures are irregular, having no symmetrical form. In the words "are indebted unto," below the portrait of Chase, the heavy black line in the centre of the face of the first letter "A" is omitted in the counterfeit. In the title, "United States of America," in the ruled shade on the left-hand side of the spur of the letter "U" at the bottom on the counterfeit are seven short lines, forming but a slight shade under that part of the letter, while in the genuine there are ten lines, about one-sixteenth of an inch in length, forming a shade the same width as the shade at the bottom of the letter. On the right of the spur at the bottom of the letter "U" on the counterfeit, where the ruled shade touches the bottom of the letter "N" four lines only touch the "N;" on the genuine seven lines touch the "N." On the counterfeit, three lines of the shade on the right spur at the bottom of the letter "t" in "United" touch the bottom of the letter "e;" on the genuine the shade does not touch the "e." The shading in the top loop of the first "S" in "States" fills the loop on the counterfeit, while on the genuine there is a slight blank space in the lower right-hand part of the loop. There is a blank space in the shading of the bottom loop of the same letter on the counterfeit in the lower right part; on the genuine the blank space is directly over the point in the bottom of the letter. On the lower loop of the second "s" in the counterfeit the ruled shaded lines fill the whole loop, while in the genuine there is a blank spot free from ruling. In the fringe on the left side of the cravat on the portrait of Chase on the counterfeit there will be observed two deep graver cuts running at right angles across the fringe; these two cuts do not appear on the genuine. On the red seal under the scales is a right-angle bar containing thirteen stars; on the counterfeit these stars are small and badly formed, the points not being well-defined, while in the genuine they are larger and well-pointed. This also applies to all the stars on the red seal. The signature at the lower right hand on the counterfeit is engraved and printed in a grayish-colored ink and afterwards tampered with by the use of writing fluid; while in the genuine bond the signature is written. No reliance can be placed on the relative sizes of the bonds, as the genuine vary in size, which is accounted for by the stretch and shrinkage of the paper on which they are printed, nor to differences in the relative positions of portions of the bond printed in different colors, the printing being done by separate impressions for each color.

The title, as well as all the engraving on the bond, varies in every particular from the genuine; but the points mentioned are some of the most prominent discrepancies.

COUPONS.

On the counterfeit coupons the hair line of the letter "s" in the word "months" extends above the body stroke of the small script letters; in the genuine the hair line terminates abruptly with the body stroke. Also the letter "t" in the same word, is not crossed in the genuine, while in the counterfeit the letter is prominently crossed on the right side. On the counterfeit the hair line of the second "e" in the word "bearer" extends to the dot or ball of the letter "r"; but in the genuine the hair line does not join the dot there, leaving a blank space. On the counterfeit the body stroke of the capital letter "B," in the word "Bond," extends to the top of the upper bow of the letter, while in the genuine the stroke falls considerably short of reaching the top of the bow. On the counterfeit, between the initials "L. E." of the engraved signature, the period is of a triangular shape, with its lower point inclined to the left; on the genuine the period is smaller and more elongated, with its point directed to the bottom of the coupon. On the counterfeit the upper curved hair line of the "\$" mark connects with the ball on the top, giving an angular appearance to the ball; on the genuine the hair line curves gracefully, and connects with the ball on the right. The figure "1" adjoining the "\$" mark on the counterfeit is in the form of a double curve, while on the genuine it is straight.

It should be stated that only the coupons maturing January 1, 1881, are attached to the counterfeit bonds received at this office, and above comparisons of genuine have been made only with these coupons.

J. K. UPTON, *Acting Secretary.*

A MILLIONAIRE CRIMINAL.—Not every criminal who incurs the penalty of banishment to Siberia is, on that account, to be compassionated, if we may believe the accounts of Mr. Juchanzeff's sojourn in exile, recently published by a St. Petersburg journal. This eminent malefactor, known throughout Russia by the significant sobriquet of "The Stealer of Millions," has contrived to retain possession of the enormous fortune he acquired by high-class swindling. When condemned to deportation, he traveled to Krasnojarsk, the town selected for his penal residence by the imperial authorities, in princely style, attended by a suite of servants, carriages and horses, and it would appear that he is to become the leader of fashion in that Siberian city. Tailors, perfumers and tobacconists advertise their wares under his name; he has been elected a member of the leading club, and is about to contract an alliance with a young lady belonging to one of the first families of Krasnojarsk. His dinner parties are attended by the chief official personages and local notabilities; ladies of the best society flock to his evening receptions and accept the splendid presents with which he judiciously courts their favor and social countenance. It is proposed by a committee of Krasnojarsk "*lionnes*" to present him, upon his wedding day, with a wreath of laurel, oak leaves and roses. Altogether, for a convicted misdemeanant, undergoing sentence of banishment, he appears to be leading an uncommonly pleasant life. Not so the thousands of his dupes who, having trusted their fortunes to his keeping, suffered total ruin at his hands.—*London Telegraph.*

BANKING AND FINANCIAL ITEMS.

THE BANKER'S ALMANAC AND REGISTER.—The January edition of this work is now in course of preparation. Announcements of new banks, bankers, or changes of officers, or other information, should be forwarded to this office at once.

Orders for the *Cards* of Banks and Bankers will be received up to December 20th, but should be sent in as early as possible.

IMPORTANT DECISION IN RESPECT TO TAXES ON NATIONAL BANKS.—A decision was rendered a few days ago by Judge Wallace, in the Circuit Court of the United States for the Northern District of New York, in a suit brought by the National Exchange Bank of Albany against the Receiver of Taxes of Albany, to restrain the collection of taxes imposed upon the shares of the bank for the year 1879. The court has decided in favor of the bank, on the ground that the act of 1866 is invalid and furnished no authority to the assessors to assess the bank shares, because the act does not permit bank shareholders to deduct their debts from their assessments. The banks in this city have already taken proceedings in the courts to have the assessments on their shareholders for the year 1880 declared illegal. Taxes were assessed this year on bank shares in New York under the same act of 1866, and it looks as if this decision would result in the loss by the city of its taxes on bank shares for this year. The amount of taxes imposed upon bank shares in New York city is more than \$1,500,000.

DIVIDENDS.—The Comptroller of the Currency has declared the following dividends to creditors of insolvent National banks during November:

First National Bank of Meadville, Pa., 15 per cent., making in all 80 per cent.

Third National Bank of Chicago, 5 per cent., making in all 95 per cent.
National Bank of Poultney, Vt., 15 per cent., making in all 75 per cent.

A PROPOSED NEW BANKRUPT LAW.—The Boston Board of Trade have in press Judge Lowell's revised edition of his draft of a National bankrupt law now before Congress. The first edition of this proposed law was sent by the committee of merchants to mercantile associations, the registers in bankruptcy and to many others interested in the subject, with a request for their criticisms. The answers received were highly favorable to the general plan of the proposed bill, but many valuable suggestions were made in matters of detail. These are incorporated in this edition, excepting when they seemed to be either already provided for by authoritative decisions under the old act, or more proper to be regulated by the courts in their rules and orders. The most important of the changes made in this edition is an increase of the powers of the registers, who are virtually made judges in the first instance of nearly all matters in bankruptcy, and due provision is made for bringing the courts of bankruptcy within the easy reach of the parties having business in them. The bill has been wholly revised, and many slight alterations made with a view of making the law more effective and useful.

REVENUE TAXES.—The first Comptroller of the Treasury has decided that the two years' limitation for appeals from internal revenue taxes attaches, unless the appeal is made within that time to the Commissioner of Internal Revenue, and that an appeal to the internal revenue collector will not answer the purpose.

THE PUBLIC DEBT.—The *Boston Commercial Bulletin*, says: "Any measure that looks towards limiting the power of the Government to liquidate its debt; that throws the debt redeemable next year into long loans; should meet with the unqualified disapproval of Congress and of business men."

The *San Francisco Commercial Herald* says: "On our side of the ocean we rest in the comfortable conviction that, whether it be best or not for England to pay her debt, whether Englishmen wish it paid or not, and whether she can pay it or not, for us, at least, it is best to pay our debt, we wish it paid, and we can pay it."

A NEW PRODUCT.—It is claimed by a that the stalks of the cotton plant contain a textile fiber which, with proper preparation, would be worth from \$120 to \$150 per ton, and that the same plants which will yield a bale of

ILLINOIS.—During the summer packing season, from March 1 to November 1, 2,875,000 hogs were killed and salted in Chicago.

BOSTON.—In the case of the Ladies' Deposit Bank the Insolvency Court has appointed Augustus Russ receiver. Ladies representing claims exceeding \$150,000 were present at the creditors' meeting.

NEW JERSEY.—Chancellor Runyon, on November 12, appointed William M. Johnson, of Hackensack, receiver of the Bank of Bergen county, and Isaac Wortendyke, an examiner, to ascertain the condition of the Bergen County Savings Bank, on the petition of two directors, who alleged that both institutions were insolvent through defalcations and embezzlements on the part of John Jacob Berry, who was cashier of the county bank and treasurer of the Savings Bank at Hackensack. The wreck spread consternation throughout Bergen county, which is left entirely without banking facilities.

Cashier Berry confessed his guilt, and turned over all his property to the bank. The county bank owes its depositors about \$175,000. The Savings Bank owes them \$82,000. Except the bank building, which is valued at \$50,000, and the property which Berry and his wife have turned over, valued at \$50,000 more, the assets are small.

BANK BURGLARY.—At Dallas, Texas, on the night of November 8th a loud explosion roused the town. It was found that burglars had entered the banking house of Adams & Leonard, and getting into the vault had removed silver, jewelry and other valuables, belonging to special depositors, to the value of some \$60,000. They attempted to blow open the safe, but failed. A letter from Adams & Leonard to Messrs. Herring & Co., of this city, says: "After exhausting other efforts the safe was laid upon its back and the spindle of the lock was charged with dynamite or nitro-glycerine. An anvil was also evidently placed over the spindle and the dynamite exploded by use of a battery. The anvil was torn literally to pieces by the explosion and the glass windows in the building were all broken, but the only damage done the safe was to dent in the door so that it could not be opened by using the lock. It took an experienced workman, with five stout men, fifteen hours to break open the door after the burglars had left it." All the moneys and valuables in the safe were found intact.

WISCONSIN.—According to a report from the Census Bureau, the county, city, town, village, and school district debts in the State of Wisconsin, aggregate \$9,699,967.

RAILROADS.—According to the *Railroad Gazette*, the number of miles of new railroad completed in 1880 to Nov. 18, was 5,056, as compared with 3,042 completed to the same date in 1879. The number of miles completed to that date in 1872 was 6,202, but with that exception the railroad building of this year exceeds all previous years.

The Southern Pacific road has now completed laying its track to and beyond the point where the Atchison, Topeka and Santa Fé road is to make a connection. The gap between the two roads is now reduced to twenty (20) miles.

Sixty-four railway companies, owning 19,167 miles of road, have added to their rolling stock since the 1st of last January, 335 locomotives, costing \$2,847,500, and 24,175 cars of all kinds costing \$10,809,050. During the remainder of the year 1880, they expect to receive 103 more locomotives, costing \$875,000, and 6,593 more cars of all kinds costing \$2,783,225. If the other railway companies add to their rolling stock in the same proportion to their mileage, the total expenditure of the year for new rolling stock will be \$65,679,920.

The United States *Economist* predicts a large increase of narrow-gauge railroads, including the construction of narrow-gauge trunk lines from the seaboard into the Mississippi valley.

The Government of the Province of Quebec has received from a syndicate an offer for twenty years of \$360,000 a year for the lease of the Government (or Quebec, Montreal, Ottawa and Ontario) railroad. The road is 300 miles long, from Quebec to Ottawa, and cost \$12,000,000 to build.

A telegram (Nov. 17) from Montreal states that the Canada Pacific railroad syndicates intend to organize an immigration bureau.

According to the London *Railway News*, the comparative progress of railroad mileage built in Europe and the United States has been as follows:

	1840.	1850.	1860.	1870.	1880.
Europe.....	1,928	14,932	32,248	65,466	102,700
United States.....	3,319	8,589	30,953	54,535	88,000

It has been arranged that the Atchison, Topeka and Sante Fe and the Southern Pacific shall connect at a point about thirty miles west of the Rio Grande, known as Florida Point. The connection is expected to be made on the 1st of January next.

FOREIGN.—The rage for gold mines in India is reported to be decidedly on the decrease in England.

A British company, proposing to operate a gold property in Dutch Guiana, has given to it the pious title of *Dieu-donné*, or God-given, which may increase the currency of its shares in the religious world.

The Hawaiian Government has imposed a duty of two and one-half cents per pound on all rice. This, Treasury officers say, will stop the importation of rice into that country for reshipment to the United States free, as a Hawaiian product.

The sugar exports of the Sandwich Islands (all to the United States, and duty free under the reciprocity treaty) for the first nine months of 1880 were, 49,988,189 pounds; same time in 1879, 39,569,553 pounds; increase in 1880, 10,418,636 pounds.

A recent Royal decree establishes in Prussia a Politico-Economical Council, to consist of seventy-five members, chosen for five years. Forty-five members are to be selected from ninety names presented by the Chambers of Commerce and Agriculture. The remainder, of whom at least fifteen must be working men, will be chosen by the ministers of commerce, public works and agriculture.

The *Russische Revue* notes a decided tendency in the prices of lands in Russia to rise. In the Government of Kiev, where it is pushed on by the operations of a *credit foncier* establishment, the rise between 1875 and 1879 is said to be one-third, but that is, in fact, not more than might be attributed to the depreciation of the paper rouble, which is the standard money of payment.

The debt of Portugal dates from 1796, and has been steadily increasing ever since. The total funded debt in 1879 was £83,138,222, to which it is now adding £3,000,000, issued through a Paris banking concern, for the alleged purpose of taking up some floating debts.

The official newspaper at Rome contradicts the reports of an intended resumption of coin payments in Italy, and declares that the Ministers have not considered that question at all.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from November No., page 390.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
CONN...	National Iron Bank, Falls Village	Almon C. Randall, <i>Pr</i> ... Dwight E. Dean, <i>Cas</i>	G. W. Peet. A. C. Randall.
GA....	Gate City Nat'l Bank, Atlanta	L. J. Hill, <i>Pr</i>	L. M. Hill.
ILL....	First Nat'l Bank, Rochelle	William Stocking, <i>Pr</i>	P. Smith.
IND....	City National Bank, Goshen	J. H. Defrees, <i>Cas</i>	I. W. Nash.
"	Lake City Bank, Warsaw	Albion Beck, <i>Cas</i>	J. H. Lewis.
IOWA ..	First National Bank, Iowa City	John B. Haddock, <i>Cas</i>....	.....
"	Cedar County Bank, Tipton	John W. Casad, <i>Pr</i>	W. H. Tuthill.
KANSAS.	Cloud County Bank, Concordia	F. J. Atwood, <i>Cas</i> J. F. Rogers, <i>Acting Cas</i> .	C. W. McDonald. F. J. Atwood.
MAINE..	First Nat'l Bank, Damariscotta	Addison Austin, <i>Pr</i>	E. Flye.
MASS...	Blackstone Nat'l Bank, Boston	James Adams, <i>Cas</i>	Omits the " Jr."
"	First Nat'l Bank, Lowell	Walter M. Sawyer, <i>Cas</i> ..	G. B. Allen.
"	Millford Nat'l Bank, Milford	Charles F. Clafin, <i>Pr</i>	A. C. Mayhew.
MICH...	First National Bank, Flint	David S. Fox, <i>Pr</i>	F. F. Hyatt.
"	First National Bank, Greenville	Henry Hill, <i>Cas</i>	W. J. Just.
"	Second Nat'l Bank, Hillsdale	E. L. Koon, <i>Pr</i>	C. T. Mitchell.
MO.....	Farmers' Bank, Cameron	George Smith, <i>Pr</i>	L. De Steiger.
NEVADA	Carson City Savings Bank, Carson City	R. Kirman, <i>Pr</i> George Tuffy, <i>Cas</i>	G. Tuffy. G. B. Hill.
N. J....	Union Nat'l Bank, Frenchtown	A. B. Haring, <i>Cas</i>	W. S. Stover.*
"	Union Nat'l Bank, Mt. Holly	Jacob Merritt, <i>Pr</i>	B. Ridgway.*
"	North Ward N. B., Newark	E. F. Baldwin, <i>Actg Cas</i>	W. H. Faull.*
N. Y....	First Nat'l Bank, Ballston Spa	George West, <i>Pr</i>.....	.....
"	First Nat'l Bank, Champlain	John H. Crook, <i>Cas</i>	M. V. B. Stetson.
"	Rochester Sav. B'k, Rochester	Isaac Hill, <i>Pr</i>	E. F. Smith.*
N. C....	Raleigh Nat'l Bank, Raleigh	E. G. Reade, <i>Pr</i>	C. Dewey.*
OHIO....	First Nat'l Bank, Circleville	Otis Ballard, <i>Cas</i>	Omits the " Jr."
PENN...	Second Nat'l B'k, Philadelphia	Charles W. Lee, <i>Cas</i>	J. Anderson.
TEXAS..	City National Bank, Dallas	Geo. W. Mahoney, <i>Cas</i> ..	P. Furst, <i>Act. Cas</i> .
UTAH..	London Bank, Salt Lake City	Edwd. Austin, <i>Joint Mgr</i>	.....
ONT....	Canad. B. Commerce, Hamilton	B. E. Walker, <i>Mgr</i>	J. C. Kemp.
"	" " " Ottawa	Jeffery Hale, <i>Mgr</i>	R. Gill.
"	Merch. B'k Canada, " "	W. H. Rowley, <i>Mgr</i>	D. Kemp.
"	Union B. of Low. Can. " "	M. A. Anderson, <i>Mgr</i>	J. G. Leitch.
"	Canad. Bank Commerce, Paris	F. L. Hankey, <i>Mgr</i>	J. Hale.
"	" " " Toronto	John C. Kemp, <i>Mgr</i>	J. S. Lockie.
N. S....	Merch. Bank of Halifax, Pictou	C. W. Ives, <i>Agent</i>	W. Ives.

* Deceased.

COLLECTIONS.

Banks or Bankers wishing to solicit **collections** through the **BANKER'S ALMANAC AND REGISTER**, can do so effectively at the cost of only \$5 per year. An *extra line*, under the name in Bank List, will be allowed, in which may be announced "Collections promptly attended to," or any similar notice of that character. Orders for this purpose must be sent in at once to insure their insertion.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from November No., page 390.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
ALA....	Gadsden.....	Bank of Gadsden..... (Glenn, Brockway & Co.)	Latham, Alexander & Co.
CONN..	Waterbury.....	Manufacturers' Nat'l Bank. \$ 50,000 David B. Hamilton, <i>Pr.</i>	First National Bank Charles R. Baldwin, <i>Cas.</i>
DAKOTA	Sioux Falls....	Easton & McKinney.....	Amer. Exch. Nat'l Bank.
"	Watertown....	Codington County Bank... \$ 25,000 Homer D. Walrath, <i>Pr.</i>	Amer. Exch. Nat'l Bank. Samuel B. Sheldon, <i>Cas.</i>
ILL....	Wenona.....	Barker & Ralston.....	Central National Bank.
IND....	Indianapolis..	Stock Yards Bank (A. N. Clark & Co.)	Mechanics' Nat'l.
IOWA..	Bonaparte.....	Bonaparte Bank.....	Preston, Kean & Co., <i>Chicago.</i>
"	Swan Lake....	Emmet County Bank..... (C. W. Jarvis.)	Merchants' Nat'l Bank, <i>Chicago.</i>
KANSAS.	Harper.....	Woods, Parsons & Co....	Donnell, Lawson & Simpson.
"	Hillsboro.....	Bank of Hillsboro..... (Brewerton, Crane & Morris.)	G. Opdyke & Co.
"	Parsons.....	City Bank (Angell Matthew son & Co.)	Gilman, Son & Co.
MICH... Roscommon...	Brown & Flower.....		Imp. & Tra. Nat'l Bank.
MINN... Currie.....	Murray County Bank.....		Preston, Kean & Co., <i>Chicago.</i>
MISS... Greenville...	Negus, Irish & Co.....		Bank New York N. B. A.
MO..... St. Louis.....	McNair & Tracy.....		Maxwell & Graves.
"	Kingston.....	Caldwell County Bank....	Donnell, Lawson & Simpson.
"	Rich Hill.....	Rich Hill Bank..... P. A. Burgess, <i>Pr.</i>	Donnell, Lawson & Simpson. Thomas M. Orr, <i>Cas.</i>
N. Y.... Rondout.....	First National Bank..... \$ 300,000 Thomas Cornell, <i>Pr.</i>		Fourth National Bank. Charles Bray, <i>Cas.</i>
OHIO... Cincinnati.....	Citizens' National Bank... \$ 500,000 B. S. Cunningham, <i>Pr.</i>		First National Bank. George W. Forbes, <i>Cas.</i>
"	Granville.....	First National Bank..... \$ 30,000 H. L. Bancroft, <i>Pr.</i>	Ninth National Bank. E. M. Downer, <i>Cas.</i>
"	Lima.....	Merchants' National Bank. \$ 30,000 Robert Mehaffey, <i>Pr.</i>	Chemical National Bank. Oliver B. Selfridge, <i>Cas.</i>
N. B.... Moncton.....	Bank of Nova Scotia.....		Bank New York N. B. A.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from October No., page 312.)

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>	
			<i>Authorized.</i>	<i>Paid.</i>
2493	First National Bank..... Rondout, N. Y.	Thomas Cornell..... Charles Bray.	\$ 300,000	\$ 300,000
2494	Manufacturers' Nat'l Bank.. Waterbury, CONN.	David B. Hamilton..... Charles R. Baldwin.	100,000	50,000
2495	Citizens' National Bank.... Cincinnati, OHIO.	B. L. Cunningham..... George W. Forbes.	1,000,000	500,000
2496	First National Bank..... Granville, OHIO.	H. L. Bancroft..... E. M. Downer.	50,000	30,000
2497	Merchants' National Bank... Lima, OHIO.	Robert Mehaffey..... Oliver B. Selfridge.	50,000	30,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from November No., page 391.)

NEW YORK CITY	Blake Brothers & Co.; admit Howland Davis.
" " "	Horace Manuel & Co.; now Turner, Manuel & Co.
CAL.	San Jose..... San Jose Savings Bank; reported suspended.
ILL.	Bunker Hill.... Bunker Hill Bank; succeeded by J. V. Hopper.
IOWA.	Beloit..... Atwood & Martin; now — Atwood.
"	Blairstown..... Spreeves & Tipton; now B. W. Shreeves & Son.
"	Sanborn..... Citizens' Bank; succeeded by O'Brien County Bank.
KANSAS.	Independence.. Hull & Billings; now Hulls' Banking Co.
"	Junction City... R. O. Rizer & Co.; assigned.
MICH.	Sand Beach..... J. Jenks & Co.; succeeded by Noble & Wagner.
"	Tecumseh..... Bills, Lilley & Co.; now Lilley, Bidwell & Co. P. Bills deceased.
MO.	Newark..... Newark Savings Bank; closed.
N. H.	Manchester.... City National Bank; now Merchants' National Bank.
N. J.	Hackensack.... Bank of Bergen County; William M. Johnson, Receiver.
"	"..... Bergen County Savings Bank; Isaac Wortendyke appointed to examine the books.
N. Y.	Rondout..... Rondout Bank; now First National Bank. Same officers.
OHIO.	Cleveland..... Chamberlain, Gorham & Perkins; in liquidation. Business transferred to Merchants' National Bank.
"	Lima..... Bank of Lima; now Merchants' National Bank.
VT.	Windsor..... Ascutney National Bank; in liquidation.
N. B.	St. John..... Maclellan & Co.; admit A. C. Blair.

FLAX IN RUSSIA.—Of the cultivation and manufacture of flax in Russia, the United States *Economist* says: That its culture pays cannot for a moment be doubted. In those parts of the empire where there is not just the richest black soil, a *dessiatin* sown with corn does not produce more than £ 3 to £ 4, which leaves very little after deducting manure and labor. The same area planted with flax gives a gross return of £ 10 to £ 15, from which £ 3 to £ 5 may be deducted for labor. This is more than even some of the most lucrative districts of the South can show for other produce. The rent for flax land in the district of Peskoff is as much as £ 5 to £ 10 annually for a *dessiatin* (equal to 2½ acres), which, notwithstanding the primitive and defective preparation, is not considered too high by the peasants.

It is also a remarkable fact that the whole of the Russian flax industry hardly goes beyond the preparation of the fiber for export. The linen of Jaroslaff, the sailcloth of Narva, and the laces produced by the domestic industry of Vologda, represent about the whole of the native linen industry, situated upon the finest soil in the world for its culture. The Government of Peskoff, which stands at the head of the list, as far as quantity is concerned, has not a single factory for working the fiber further; the inhabitants of this part confine themselves to the more or less imperfect preparation of the fiber for export. This accounts also for the anomaly of an annually increasing import of linen and hemp goods, which figured in 1869 for only £ 300,000, while in 1878 it amounted to £ 1,000,000.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

DEBT BEARING INTEREST.

	Oct. 1, 1880.	Nov. 1, 1880.
Bonds at six per cent.....	\$ 222,819,050 ..	\$ 217,699,550
Bonds at five per cent.....	474,531,550 ..	469,651,050
Bonds at four and a half per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	738,263,950 ..	738,368,600
Refunding certificates.....	1,083,850 ..	979,200
Navy pension fund.....	14,000,000 ..	14,000,000
Total principal.....	\$ 1,700,698,400 ..	\$ 1,690,698,400
Interest.....	18,134,503 ..	17,704,948
DEBT ON WHICH INTEREST HAS CEASED.....	6,011,665 ..	5,615,665
Interest.....	764,356 ..	751,661

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes.....	\$ 346,741,841 ..	\$ 346,741,841
Certificates of deposit.....	9,965,000 ..	8,765,000
Fractional currency.....	7,181,940 ..	7,181,861
Gold and silver certificates.....	26,033,660 ..	34,568,460
Total principal.....	\$ 329,922,441 ..	\$ 397,257,162
Unclaimed Pacific Railroad interest.....	8,077 ..	8,077
Total debt.....	\$ 2,096,632,506 ..	\$ 2,093,571,227
Interest.....	18,906,936 ..	18,464,687
TOTAL DEBT, principal and interest.....	\$ 2,115,539,443 ..	\$ 2,112,035,914
Total Cash in the Treasury.....	199,945,260 ..	203,545,486
Debt, less Cash in the Treasury at date.....	\$ 1,915,594,182 ..	\$ 1,908,490,427
Decrease of debt during the month.....	8,974,891 ..	7,103,754
Decrease of debt since June 30, 1880.....	26,578,112 ..	33,681,867

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 2,401,809 ..	\$ 3,000,826
Debt on which interest has ceased.....	6,011,665 ..	5,615,665
Interest thereon.....	764,356 ..	751,661
Gold and silver certificates.....	26,033,660 ..	34,568,460
U. S. notes held to redeem certificates of deposit..	9,965,000 ..	8,765,000
Cash balance available at date.....	154,768,769 ..	150,843,873
	\$ 199,945,260 ..	\$ 203,545,486

AVAILABLE ASSETS.

Cash in the Treasury.....	\$ 199,945,260 ..	\$ 203,545,486
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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.....	47,589,861 ..	47,589,861
Interest repaid by transportation of mails, etc.....	13,824,654 ..	13,838,862
By cash payments five per cent. net earnings.....	655,198 ..	655,198
Balance of interest paid by the United States.....	33,110,007 ..	33,095,799

NATIONAL BANKS OF THE UNITED STATES.

October, 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 October 1, 1880. Also, on October 2, 1879, and October 1, 1878:

RESOURCES.	1880.* October 1, 2,090 banks.	1879. October 2, 2,048 banks.	1878. October 1, 2,053 banks.
Loans and discounts	\$ 1,037,061,441 .	\$ 875,013,107 .	\$ 830,521,542
Overdrafts.....	3,915,826 .	3,489,990 .	3,466,908
U. S. bonds to secure circulation	357,789,350 .	357,313,300 .	347,556,650
U. S. bonds to secure deposits...	14,777,000 .	18,204,650 .	47,936,850
U. S. bonds on hand.....	28,843,400 .	52,966,600 .	46,785,600
Other stocks, bonds & mortgages	48,863,150 .	39,647,417 .	36,859,535
Due from approved reserve ag'ts..	134,562,779 .	107,023,547 .	85,083,419
Due from other National banks..	63,023,797 .	46,692,995 .	41,492,919
Due from State banks & bankers	15,881,198 .	13,630,773 .	12,314,698
Real estate, furniture & fixtures.	48,045,832 .	47,817,169 .	46,702,476
Current expenses and taxes paid.	6,386,182 .	6,111,257 .	6,272,567
Premiums paid.....	3,488,470 .	4,332,420 .	7,134,736
Checks and other cash items....	12,726,602 .	11,306,132 .	10,982,433
Exchanges for Clearing House...	121,097,650 .	112,964,964 .	82,372,738
Bills of other National banks...	18,210,942 .	16,707,550 .	16,929,721
Fractional currency	367,173 .	396,065 .	515,661
Specie : Gold coin.....	47,512,589 .	23,629,718 .	9,086,518
Silver coin	5,326,240 .	4,919,343 .	5,387,728
Gold certificates.....	7,175,560 .	13,557,520 .	16,209,460
Silver certificates	1,165,120 .	67,150 .	4,900
Gold Cl.-House certifs.	48,167,000 .		
Legal-tender notes.....	56,640,458 .	69,196,696 .	64,428,600
U. S. certif. of dep. legal-tenders	7,655,000 .	26,770,000 .	32,690,000
Five-per-cent. Redemption fund	15,921,741 .	15,782,715 .	15,205,541
Due from the U. S. Treasury....	1,182,125 .	1,246,370 .	1,338,133
Total resources.....	\$ 2,105,786,625 .	\$ 1,868,787,448 .	\$ 1,767,279,133

LIABILITIES.

Capital stock paid in	\$ 457,553,985 .	\$ 454,067,365 .	\$ 466,147,436
Surplus fund.....	120,518,583 .	114,786,528 .	116,897,780
Other undivided profits.....	46,139,690 .	41,300,941 .	40,936,213
Natl. bank notes outstanding....	317,350,036 .	313,786,362 .	301,888,092
State bank notes outstanding....	270,045 .	316,861 .	413,913
Dividends unpaid.....	3,452,504 .	2,667,430 .	3,118,390
Individual deposits.....	873,537,637 .	719,737,569 .	620,236,177
United States deposits.....	7,649,995 .	11,018,863 .	41,654,812
Deposits of U. S. disburs'g officers	3,534,857 .	3,469,600 .	3,342,795
Due to other National banks....	192,032,533 .	149,200,257 .	122,496,514
Due to State banks and bankers.	75,536,923 .	52,022,454 .	42,636,703
Notes and bills re-discounted....	3,178,232 .	2,205,016 .	3,007,325
Bills payable.....	5,031,605 .	4,208,202 .	4,502,983
Total liabilities.	\$ 2,105,786,625 .	\$ 1,868,787,448 .	\$ 1,767,279,133

* The amounts of circulation outstanding at the dates named, as shown by the books of the Comptroller's office, were, on October 1, 1880, \$ 343,949,893; on October 2, 1879, \$ 334,365,839; and on October 1, 1878, \$ 323,191,678; which amounts include 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.

NOTES ON THE MONEY MARKET.

NEW YORK, NOVEMBER 25, 1880.

Exchange on London at sixty days' sight, 4.81 to 4.81½ in gold.

A notable change has supervened in the money market. The rates of interest are higher and the predictions of stringency are more frequent. Among the reasons assigned for an early development of monetary perturbation some are not worthy of much notice, as they have frequently been urged before, while the money market has disappointed expectation and remained tranquil. Two or three points, however, have been suggested which demand consideration. First, the banks hold immense aggregates of securities as collateral for loans. These securities are many of them quoted at prices very much above the average of a few months ago. Any re-action at the Stock Exchange or in the money market might cause the banks holding the more sensitive classes of collateral to call in their loans, in order to obtain collaterals of a more favored character and place their loans on a more secure basis.

Heretofore the banks have scrutinized securities with less rigor because the plethora of capital was so great and the rate of interest was consequently low. At present, however, the conditions of the money market are changing in favor of the lenders, and a severer policy of scrutinizing securities is inevitable. What effect will be produced on the market remains to be seen. Secondly, it is pointed out that there has never been a time in the history of Wall Street when the banks were lending so much money on call. The statistics are not published, but just now one hundred and fifty millions is by some eminent bankers estimated as the amount which, directly or indirectly, is lent by the banks on securities for demand loans. If one-third of this amount should be disturbed suddenly and withdrawn from its present avenues of speculative employment in railroad and other shares and bonds, and transferred to commercial channels for legitimate use in mercantile loans and discounts, it would soon be seen that our banks have an immense power over the movements of Wall Street, and that the new conditions which are being developed are by no means conducive to the stability of prices or the prevention of panics in the early future. Thirdly, we are at the period of the year when the commercial demand for banking facilities usually reaches its highest level, and nothing is so likely to take place as an active enlargement of that demand all over the

country, which has already induced the banks of our chief cities to call in part of their demand loans, and may enable them to invest a larger proportion of their means in mercantile paper, which has been, for months past, so scarce that the banks have not been able to get it in adequate amounts to absorb their available means. The enhancement of the rates of interest during the last week gives some confirmation to the views here set forth, and is regarded as likely, if continued, to cause some inconvenience; but there are, at present, only a few persons who take this unfavorable view of the early future, while the majority seem to believe that as monetary ease has prevailed so long, it will continue without anything beyond a temporary and slight disturbance. In any case, the monetary trouble suggested, even if it should occur, will be due to the withdrawal from Wall Street of money which will be sent into the productive channels of commerce and trade, so that the prosperity and wealth of the country would not suffer, but would, on the contrary, receive a beneficial impulse. The gloomy views which are prevalent in some quarters as to the monetary future, are probably due in part to a want of appreciation of the large amounts of foreign capital which are flowing into the United States to an extent never known before. Since the resumption of specie payments we have received from abroad prodigious sums of European capital; and this, with other well-known circumstances, has turned the tide of the international exchanges in our favor. Whether the results will be as favorable in the future as in the past to the tranquility and ease of the movements of the money market remains to be seen. Subjoined are the comparative statistics of the New York Clearing House, which show considerable changes in the loans and deposits during the last few days:

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
Oct. 30.....	\$ 317,880,200	\$ 66,372,400	\$ 13,016,700	\$ 18,616,500	\$ 302,582,100	\$ 3,743,575
Nov. 6.....	324,370,200	66,691,700	11,989,600	18,691,800	307,796,700	1,732,125
" 13.....	324,970,000	64,955,400	12,474,900	18,708,700	307,770,200	503,290
" 20.....	315,334,000	63,830,600	12,078,900	18,730,400	295,871,400	1,941,690
" 27.....	313,524,900	60,177,900	12,098,200	18,666,200	289,527,100	* 105,675

The Boston bank statement for the past four weeks is as follows:

1880.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Nov. 1.....	\$ 148,846,500	\$ 8,312,000	\$ 3,077,900	\$ 101,572,500	\$ 30,540,500
" 8.....	150,429,100	8,366,100	3,015,500	103,529,300	30,597,000
" 15.....	151,767,000	8,074,600	2,964,700	102,445,300	30,517,700

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

1880.	Loans.	Reserves.	Deposits.	Circulation.
Nov. 1.....	\$ 72,564,072	\$ 20,966,079	\$ 65,779,300	\$ 12,236,647
" 8.....	73,441,349	21,167,722	66,698,124	12,235,615
" 15.....	74,515,640	20,180,457	66,738,284	12,241,785
" 22.....	75,082,818	19,822,933	66,532,640	12,241,121

* Deficiency.

The stock market is feverish and irregular. Governments are steady. State stocks quiet, and railroad bonds firm, the best descriptions being in demand at advancing prices. The coal stocks are irregular and mining shares are active. Railroad shares are active but less strong, and the transactions are large. Foreign exchange is drooping. Subjoined are our usual quotations:

QUOTATIONS:	Oct. 26.	Nov. 4.	Nov. 10.	Nov. 17.	Nov. 23.
U. S. 6s, 1881, Coup...	105½ ..	104½ ..	104¾ ..	104¼ ..	104½
U. S. 4½s, 1891, Coup.	110¼ ..	111¼ ..	111½ ..	112½ ..	112½
U. S. 4s, 1907, Coup...	109¾ ..	110 ..	110¼ ..	111 ..	112½
West. Union Tel. Co...	101¾ ..	97½ ..	98 ..	95¾ ..	99¾
N. Y. C. & Hudson R.	134½ ..	136 ..	136¾ ..	138¾ ..	145½
Lake Shore.....	114¾ ..	114¾ ..	114¾ ..	113¾ ..	120¾
Chicago & Rock Island	121¾ ..	120¾ ..	120 ..	121¾ ..	123½
New Jersey Central...	76¾ ..	76 ..	76¾ ..	79¾ ..	79¾
Del., Lack. & West....	97 ..	97¾ ..	98 ..	98 ..	100¾
Delaware & Hudson..	86¼ ..	86¾ ..	88¾ ..	88 ..	89
Reading.....	43½ ..	45¼ ..	52¼ ..	44¼ ..	50¾
North Western.....	115¼ ..	112¼ ..	112¾ ..	113¾ ..	116½
Pacific Mail.....	45¼ ..	46¾ ..	46¾ ..	46¾ ..	47
Eric.....	43¾ ..	43¾ ..	42¾ ..	43¾ ..	45½
Discounts.....	4½ @ 5 ..	4½ @ 5 ..	5 @ 6 ..	5 @ 5½ ..	5 @ 6
Call Loans.....	3 @ 3½ ..	3 @ 3½ ..	3½ @ 4 ..	2½ @ 3 ..	4 @ 6
Bills on London.....	4.81¼-4.83 ..	4.82-4.84 ..	4.81¼-4.83½ ..	4.80-4.83	4.81-4.83½
Treasury balances, coin	\$ 73,660,802 ..	\$ 70,211,587 ..	\$ 71,526,312 ..	\$ 72,588,921 ..	\$ 74,698,248
Do. do. cur.	\$ 4,633,294 ..	\$ 4,525,905 ..	\$ 4,497,445 ..	\$ 4,364,784 ..	\$ 4,297,540

In the existing plethora of capital numerous railroad negotiations are pending. The latest announcement is that the Northern Pacific Railroad is to be completed in three years to the Pacific ocean, and that the company has negotiated with a syndicate of bankers, which includes the names of Messrs. Drexel, Morgan & Co., August Belmont & Co., Winslow, Lanier & Co., and J. & W. Seligman & Co., a loan, said to be \$40,000,000, for the purpose, and that the stockholders, at their annual meeting in September, authorized the directors to create such mortgage on the property of the company as would insure the speedy completion of the road. The company on June 30 last was operating 722 miles of road, and the amount of its outstanding bonds was only \$3,881,834, the preferred stock being \$43,412,645, and the common stock \$49,000,000. The preferred stock, however, is constantly being decreased by purchases of land, for which the stock is payable. The gross earnings of the company for the year ended last June aggregated \$2,230,181 on its 722 miles of road, or \$709,088 more than the expenses, rentals, taxes, etc., including nearly \$700,000 expended for maintenance account and new equipment. The loan which has been negotiated is practically the first mortgage which has been imposed upon the whole property. These bonds with other railroad bonds of old and new issues are expected to find a ready market in Europe.

On Wednesday, October 27, the offerings of bonds for the sinking fund were \$6,249,650, of which the Secretary accepted \$2,500,000, as follows: \$2,058,950 of the 6s of 1881 at 104.90@105.5 and \$441,050 of the 6s of 1880 at 102.70 @102.79.

On the 29th of October it was announced from the Treasury that in future purchases of bonds preference would be given to the 6s falling due December 31, 1880.

On the 3d of November the offerings of bonds were \$4,086,820, none of which were accepted. Of the 6s of 1880 only \$13,000 were offered, viz.: \$10,000 at 102.87, \$2,000 at 102.80 and \$1,000 at 102.96. In the course of the day the Assistant Treasurer here received the following telegram from J. K. Upton, Acting Secretary of the Treasury: "Your telegram received, and your action in rejecting all offers of bonds is approved. In view of the neces-

sity of paying the sixes, maturing December 31, 1880, amounting to \$13,414,000 on or before that date, the Department must decline to purchase any other than these securities; and the surplus revenues accruing meanwhile will be applied only to their payment. You will please make this announcement public."

On the 5th of November it was announced that the Assistant Treasurer here was authorized to buy at private sale, on that day and on the following day, not exceeding \$1,500,000 of the 6s of 1880 at not exceeding 102.75. The only offer made under this announcement was one for \$5,000, which was, of course, accepted.

On the 10th of November, the offerings of the 6s of 1880 were \$361,000, as follows: \$324,000 at 103, \$7,000 at 102.97 and \$30,000 at 102.95. None of these offers were accepted.

On the 17th of November, the offerings of the 6s of 1880 were \$220,000 at prices ranging from 102.78@102.89, none of which were accepted.

On the 24th of November there was a single offer of \$245,000 of the 6s of 1880 at 102.87, which was rejected.

To this date (Nov. 24) the Secretary had received and accepted private offers of the 6s of 1880 at 102.75, to an aggregate amount of \$1,090,000.

During the year ending October 1, 1880, the legal-tender notes held by the National banks (including certificates of legal tenders deposited in the Treasury), decreased from \$85,966,696 to \$64,295,458. During the same year, their coin resources in all forms increased from \$42,173,732 to \$109,326,509, including in the latter, \$5,306,240 of silver coins, and \$1,165,120 of silver certificates.

Of the sixes of 1880 outstanding November 1, \$2,046,000 were the property of the National banks, and held by the Treasury as security for their circulating notes.

In an interview, November 5, Mr. Sherman expressed the opinion that the surplus revenue of the Government during November and December would not exceed \$11,000,000.

On November 1, 1880, the amount of gold and silver coin and bullion in the United States, as estimated by the Mint Bureau, was as follows:

Gold	\$454,012,030
Silver	158,271,327
Total gold and silver.....	\$612,283,357

The receipts of gold from Europe from August 1 to this date, have been about \$50,000,000.

The exports of breadstuffs during October amounted to \$25,711,468, as compared with \$33,048,607 during October, 1879.

The tobacco crop of this year in York, Lancaster, Berks, Chester and Lebanon counties in Pennsylvania, is estimated at \$6,000,000, and in the whole State at from \$8,000,000 to \$10,000,000.

The exports of tallow and provisions from the United States in October were \$11,468,516, as compared with \$7,932,718 in October, 1879.

During the year ending June 30, 1880, the issue of the five-cent nickel pieces exceeded the redemption by \$455,810. The whole amount of nickel and bronze coins on hand June 30, 1880, was \$1,063,665.

The immigration for October was 61,312, of whom 17,059 were Germans and 5,705 were Irish.

The value of petroleum exported in September was \$ 3,712,763, as compared with \$ 3,419,180, in September, 1879.

A city contemporary, the *Financial Chronicle*, of Nov. 20th, is mistaken in supposing that silver dollars "were made exchangeable at the Treasury for greenbacks." That is true of subsidiary silver coin, which is under-weighted, but is not true of the silver dollars.

The floating debt of Philadelphia has been funded, and the funded debt is now \$ 70,169,801. The value of property subject to city tax is as follows :

Real estate.....	\$ 529,169,382
Personal estate.....	6,498,452
Total.....	\$ 536,667,834

The October shipments of wheat over the Northern Pacific Railroad into Duluth were 747,000 bushels; into Minneapolis, 91,000.

The Montreal *Witness* says that the Montreal city bonds which were taken by the Bank of British North America at 101½ and 102, have been sold up to 106, and that more of such five per cents. would be readily taken up.

The Toronto *Monetary Times*, of November 5, says: "A loan company doing a large business in Canada, has voluntarily reduced the interest on all outstanding loans, on which the semi-annual payments are regularly made, from eight to seven per cent."

There had been shipped this year to November 17, from Montreal to Europe, 44,681 cattle and 73,008 sheep, being a great increase over any preceding year.

During the week ending November 24, the Bank of England gained in coin reserve £ 652,000. During the week ending November 25, the Bank of France lost 9,700,000 francs in gold and 3,919,000 francs in silver.

The British Board of Trade returns for the month of October show a decrease of £ 4,881,000 in the value of imports into the United Kingdom, and an increase of £ 987,000 in the value of exports, as compared with the same month last year.

The London *Economist*, of October 23, has the following paragraph: "Telegraphic advices from Panama, by way of New York, state that the British Consul, acting under instructions from our Government, has embargoed the subvention from the Panama Railway to the Colombian Government. The object is to apply the money to the payment of the British holders of Colombian bonds. They are not higher upon this intelligence."

A meeting of Virginia and West Virginia certificate holders was held in London, November 3. It was resolved that a committee be appointed to bring about a settlement between the States of Virginia and West Virginia and the holders of certificates known as Western Virginia or deferred certificates.

A telegram from Paris (November 4) states that a syndicate has been formed there to lend Greece \$ 20,000,000 on the security of lands which the Government acquired from the monasteries.

It is estimated that the shares and bonds of French companies and the loans of municipal bodies, aggregate 13,714,695,000 francs, or \$ 2,646,802,000.

In October bids were opened in London for a loan of £ 2,000,000 at three and one-half per cent. to the city of Liverpool, at a minimum price of

ninety-eight. The bids were £ 4,200,000, and ranged from the minimum to 105. Of the loan, fifty-five per cent. was obtained at 100, and the remainder at prices above 100.

A London telegram (Nov. 21) states that the Great-Eastern Fresh-Meat Company (limited), with a capital of £ 300,000 has been formed. It proposes to bring carcasses from both North and South America, and for this purpose the steamship Great Eastern has been fitted up with refrigerating appliances.

The rapid advance of Manitoba in civilization may be inferred from the fact that one of its municipalities (Springfield) has already issued its seven-per-cent. bonds, which have been cashed at par by a banking house in Winnipeg.

About the middle of October, the *Frankfurter Zeitung* estimated the gold in the Bank of Germany at 170 million marks, or \$ 42,500,000. If that was correct, it was less than one-third of the total metallic reserve.

The *Russische Revue* estimates the silver production of Russia at only one-half per cent. of the total silver production of the world. On the other hand, it estimates the gold production at rather more than one-fifth of the total production of the world.

DEATHS.

At BOSTON, Mass., on Saturday, November 13th, aged seventy years, JAMES ADAMS, President of the Warren Institution for Savings.

At FARMINGTON, N. H., on Thursday, November 11, aged forty-five years, THOMAS F. COOKE, Cashier of the Farmington National Bank.

At MIDDLETOWN, N. Y., on Saturday, August 14th, in the twenty-seventh year of his age, WILLIAM H. FAULL, Cashier of the North Ward National Bank, Newark, N. J.

At MOUNT HOLLY, N. J., on Friday, October 22d, aged seventy-eight years, JAMES S. HULME, President of the Burlington County National Bank, Medford, N. J.

At PITTSFIELD, N. Y., on Monday, November 1, 1880, aged seventy years, CHARLES MEDBURY, Vice-President of the First National Bank of New Berlin, New York.

At MOUNT HOLLY, N. J., on Thursday, October 21st, aged eighty-four years, BENJAMIN RIDGWAY, President of the Union National Bank at Mount Holly.

At ROCHESTER, N. Y., on Sunday, September 12th, aged eighty-six years, ELIJAH F. SMITH, President of the Rochester Savings Bank.

At HILLSDALE, Michigan, on Monday, September, 13, aged sixty-one years, HENRY WALDRON, President of the First National Bank of Hillsdale.

At SAINT STEPHEN, N. B., on Sunday, September 5, aged seventy-nine years, ROBERT WATSON, Cashier of the St. Stephen's Bank.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

JANUARY, 1881.

No. 7.

TAXATION OF THE BANKS.

The suggestion of the Comptroller of the Currency, in his annual report (December, 1880), that Congress should prescribe more precisely the rate at which the States may tax National banks, arises from matters which should be generally understood, irrespective of whether Congress acts upon the suggestion or adheres to the existing law. The familiar rule which has been in force for at least a dozen years past, is that the States may tax shares in National banks, but the State taxation shall not be at a greater rate than is assessed on other moneyed capital. So they may tax real property, but only as other real property. The undoubted intention of Congress in prescribing these limitations was to refrain from giving to owners of National bank shares any exemption from taxes in favor of the local governments which might appear invidious, but at the same time to protect them from oppressive and unjust discriminations. Hence, Congress has said to the States in substance: "Tax our banks if you will—we do not seek to shield them from paying their fair share of the cost of the State and city governments which give them local protection—but tax them as you do your own; at no greater rate when you tax the shares, at no higher valuation when you tax the banking house." The rule is evidently fair, and no friction need have arisen in the administration of it if it had been cordially accepted, and fairly followed by the State governments. But many circumstances, during the past twelve years, have inspired and almost excused the States in making every effort to extend the

sphere of taxation. The withdrawal, ever since the war, of some two thousand millions of capital invested in National bonds, from reach of the State tax laws, the rise in prices, bearing, of course, heavily on governments as it does on individuals, and the heightened ingenuity of property owners in concealing or undervaluing taxable property, have led the States to the verge of what, in any aspect, can be thought allowable in laying taxes. Hence, have arisen several laws for the taxation of the banks, which, to the State authorities have seemed necessary and perhaps not improper, while to the banks and to the fiscal officers of the Union, they appear sheer evasions of the rule of equality and impartiality prescribed by Congress.

It will have been observed that the rule uses the word "rate"—the State taxation "shall not be at a greater rate" than upon other moneyed capital. Laying hold of this word, the State of New York, years ago, prescribed the same rate per cent. for the taxation of bank shares, State or National, and all other like investments. It, however, gave leave to investors generally, when returning the amount of their property for taxation, to deduct their debts from the total capital held, and be taxed only upon the net balance. This system partly explains the stories, seemingly very absurd, of men known to be wealthy making return that they have no personal property. A man may own a million dollars in Government bonds, a million in real property, and a quarter of a million invested in commercial business and personal property, and yet owe no personal tax, if his various indebtedness, in all forms, amounts to a quarter of a million. For the Government bonds are not taxable, the real property is taxed separately, and thus when the amount of debts is deducted from the personal property only, there is nothing left subject to a personal tax; but yet the man is worth two millions. This privilege of deducting debts was withheld by the New York law, as the Courts construed it, from the owners of bank shares, State or National. The effect was that, except in rare instances in which the shareowner was wholly free from debt, every owner of shares in a National bank—and nearly all banks in the State are National—was subjected to a heavier tax than an owner of capital otherwise invested, because the latter could diminish his tax by deducting debts, while the former could not do so. The State argument was that the "rate" was the same for both forms of investment. But the Supreme Court decided that the rule of equal taxation was really evaded; that the rate of tax which must be equalized, includes the mode of making the assessment as well as the mere percentage. Under this decision the State has, last April and June, passed laws allowing bank stockholders to make the same reduction of debts as is permitted to other persons.

There have been several instances of such State laws. A noteworthy one, also mentioned by the Comptroller, arose in Ohio. It is familiarly known that property is not valued for taxation at its actual worth. There is a general practice, resting on common consent, of assessing the various kinds of taxable property considerably below market prices. In Ohio there was no fault to find with the wording of the State law. Both the Constitution of the State and the statutes require taxes to be imposed by a uniform rule, and do not profess to authorize any discrimination against bank shareholders. But what was not done by the letter of the law was done flagrantly by the tax officers. The assessors adopted a general system of valuing property by which land and chattels were estimated at about one-third of true value, money capital not in banks at six-tenths of true value, and bank shares at full value. The obvious effect was to make the owner of bank shares pay a much larger sum than if his money were invested in any other form. The argument for the State was that the law did not authorize any "greater rate." The Supreme Court said that this was true, and that no fault would be found with the law; but that the manner in which the assessors were administering it was oppressive and unfair toward the National banks, and might be stopped by injunctions. There has been similar friction in other States in the administration of the existing law. It is in hope to relieve it, generally and permanently, that the Comptroller proposes Congress should say definitely what shall be the maximum amount of tax which a State may impose on National banks. There is no purpose in the change to favor the banks more than they are protected by the present law, if it were understood alike in all the States, and were practically carried into effect. The law as it now stands simply seeks to protect shareholders from paying higher taxes than other people, merely because they have seen fit to invest in banks.

A singular complication has arisen in New York State. After the Supreme Court at Washington decided that the New York Act of 1866 could not lawfully authorize taxing bank shares without allowing for reduction of debts, and before the laws passed by the State legislature last Spring upon the subject, the New York tax officials, supposing that the former law was valid, and that the only objection was to the refusal to allow deductions for debts, assessed the banks anew, allowing deductions. But the National Exchange Bank, at Albany, took the ground that, for refusing to allow the deductions, the law of 1866 was void altogether, and did not authorize any State tax. And the United States Circuit Court has rendered a decision sustaining this view, and declaring that the collectors may be enjoined against collecting the tax. Moreover, protests were

made on behalf of the stockholders of this bank, and, instead of voluntarily paying the tax, they allowed it to be collected by compulsion, and a suit has been brought to recover back the money—about \$50,000 in all. It is scarcely probable, however, that decisions favorable to the bank, even if finally sustained, will be of widespread application in other States. The laws elsewhere may differ materially from the New York Act of 1866; and with reference to taxes which are voluntarily paid—as, according to general report, most of the taxes assessed under the law of 1866, have been—the general rule of the Courts is that they cannot be recovered back, even if they were unlawful; the tax-payer ought to have objected before paying. Moreover, in New York, the questions are no doubt set at rest for the future by the two laws of 1880.

WHERE THE UNITED STATES BONDS ARE HELD.

It is, of course, not possible to know who are the holders of the coupon bonds of the United States. As to the registered bonds, we can know in whose names they are registered, and that fixes the ownership, except in the few cases where the registry may be in the name of the banker, trustee, or agent of the owner.

Of the \$990,000,000 of the four and four-and-one-half-per-cent. bonds, \$698,381,750 were registered in July, 1880, and an examination then made by Robert P. Porter, in behalf of the Census Bureau, disclosed the following general classification of the holders:

Total four-per-cent. registered bonds.....	\$ 528,100,950
Individuals.....	271,435,900
National banks.....	136,526,700
State banks and Trust companies.....	113,306,900
Foreign holders.....	6,831,450
Total four-and-one-half-per-cent. registered bonds.....	170,280,800
Individuals.....	72,010,900
State banks, trust companies, etc.....	53,620,400
National banks.....	39,461,950
Foreign holders.....	5,187,550
Total four and four-and-one-half-per-cent. registered bonds..	698,381,750

The following table shows in detail the distribution of the bonds mentioned in the above table, as held by State banks, trust companies, etc.:

	4 per cent.	4½ per cent.	Total.
State banks.....	\$ 5,270,300	\$ 2,115,500	\$ 7,385,800
Savings banks.....	65,871,550	27,025,356	92,896,900
Private banks.....	9,153,100	1,199,150	10,352,250
Insurance companies.....	28,495,350	17,199,700	45,695,050
Trust companies.....	3,916,500	6,040,700	9,957,200
Express companies.....	600,000	40,000	640,100
Total.....	\$ 113,306,900	\$ 53,620,400	\$ 166,927,300

As to the \$343,445,800 shown above to be held by individuals, the residence and sex of such individuals will appear from the following table :

<i>Eastern States.</i>	<i>Men.</i>	<i>Women.</i>	<i>Total.</i>
Maine.....	\$ 2,566,750	\$ 1,136,850	\$ 3,703,600
New Hampshire...	2,847,050	1,536,600	4,383,650
Vermont.....	2,155,050	1,048,350	3,203,400
Rhode Island.....	6,649,300	694,850	4,344,150
Connecticut.....	5,459,100	2,220,000	7,688,100
Massachusetts.....	26,516,800	11,667,600	38,184,400
Total.....	\$ 43,194,050	\$ 18,313,250	\$ 61,507,300
<i>Middle States.</i>			
New York.....	\$ 142,670,550	\$ 30,518,850	\$ 173,189,400
New Jersey.....	5,053,050	1,438,100	6,491,150
Pennsylvania.....	20,700,650	7,148,050	27,848,700
Delaware.....	224,600	49,600	274,200
Maryland.....	3,434,400	1,749,300	5,183,700
Dist. of Columbia..	6,778,150	1,469,500	8,247,650
Total.....	\$ 178,861,400	\$ 42,373,400	\$ 221,234,800
<i>Southern States.</i>			
Virginia.....	\$ 1,118,700	\$ 306,600	\$ 1,425,300
W. Virginia.....	499,550	73,900	573,450
North Carolina....	433,900	87,100	521,000
South Carolina....	520,850	185,750	706,600
Georgia.....	117,250	59,050	176,900
Florida.....	204,950	13,600	218,550
Alabama.....	334,700	65,900	397,600
Mississippi.....	715,400	206,600	922,000
Louisiana.....	2,009,550	395,450	2,405,000
Texas.....	338,500	149,950	488,450
Arkansas.....	235,300	76,100	311,400
Kentucky.....	1,182,200	392,800	1,575,700
Tennessee.....	1,571,750	552,950	2,124,700
Total.....	\$ 9,280,300	\$ 2,566,340	\$ 11,846,650
<i>Western States.</i>			
Ohio.....	\$ 10,926,850	\$ 2,908,950	\$ 13,835,800
Indiana.....	2,884,400	668,100	3,552,500
Illinois.....	6,795,950	1,871,000	8,666,950
Michigan.....	1,309,400	518,700	1,828,100
Wisconsin.....	1,075,000	177,400	1,252,400
Iowa.....	763,000	278,000	1,041,000
Minnesota.....	301,050	67,400	368,450
Missouri.....	2,410,900	1,266,400	3,677,300
Kansas.....	726,250	185,350	911,600
Nebraska.....	201,350	20,900	222,250
Colorado.....	1,613,400	131,550	1,744,950
Nevada.....	210,100	900	211,000
Oregon.....	35,800	10,500	46,300
California.....	9,478,750	1,203,850	10,682,600
Territories.....	766,000	110,850	816,850
Total.....	\$ 39,438,200	\$ 9,419,850	\$ 48,858,050

The following is a summary of the above table :

<i>States.</i>	<i>Men.</i>	<i>Women.</i>	<i>Total.</i>
Eastern States....	\$ 43,194,050	\$ 18,313,250	\$ 61,507,300
Middle States.....	178,861,400	42,373,400	221,234,800
Western States....	39,438,200	9,419,850	48,858,050
Southern States...	9,280,300	2,566,350	11,846,650
Total.....	\$ 270,573,950	\$ 72,662,850	\$ 343,445,800

It is thus shown, that of the four and four-and-one-half per-cent. bonds registered in the names of individuals, the Eastern States own $17\frac{2}{10}$ per cent.; the Middle States, $64\frac{1}{10}$ per cent.; the Western States, $14\frac{2}{10}$ per cent.; and the Southern States, $3\frac{6}{10}$ per cent.

In the circular issued by E. D. Morgan and others, in October, it was stated that it would be an extreme estimate to assume that the South held so much as one-tenth of the debt of the United States. It is in fact probable that the South does not hold more than one-thirtieth of so much of it as is held in this country, and exclusive of what is held by foreigners. That is shown above to be about the Southern proportion of the holdings by individuals, and the Southern proportion of holdings by National banks and by State banks, trust companies, etc., is probably still less.

The Commissioner of Internal Revenue receives semi-annual reports from all banks organized under State laws, and also reports from private bankers, giving the average capital and deposits, and the amount of such capital invested in United States bonds. The average amount of capital invested in United States bonds of all kinds, 4s, $4\frac{1}{2}$ s, 5s, and 6s, registered and coupon, for the six months ending May 31, 1880, by State banks, private bankers, Savings banks, and trust companies, was as follows:

	<i>All except</i>		
	<i>Savings banks.</i>	<i>Savings banks.</i>	<i>Total.</i>
New England States.....	\$ 3,737,093	\$ 37,693,200	\$ 41,430,293
Middle States.....	20,564,834	146,301,155	166,865,989
Southern States.....	2,541,991	1,000	2,512,991
Western States.....	8,137,554	2,474,557	10,612,111
Pacific States and Territories.	3,883,816	2,717,904	6,601,720
United States.....	\$ 38,865,288	\$ 189,187,816	\$ 228,053,104

Of this class of holdings, the South seems to be credited with only a little more than one per cent.

Of the \$456,968,504 put down in Comptroller Knox's report as the capital of the National banks in 1879, only \$30,555,018, or about six and one-half per cent. was in the Southern States, and that may be assumed to be about the proportion in which the people of those States, as shareholders in National banks, are owners of United States bonds deposited as security for National bank circulation. There is no reason to suppose, so far as we can see, that Southern ownership of the National debt is likely to become relatively greater hereafter. In fact, as the income of investors in that debt is steadily growing less, the ownership of it is likely to be more and more concentrated in the North-East, and to diminish at the South, where the use of loanable capital commands very high rates.

THE PRESIDENT'S MESSAGE.

This is a document of more than the ordinary length, inasmuch as it is a review of the prominent measures of the present Presidential term, in addition to a full treatment of current topics. We can notice only such parts of it as relate to financial matters.

On the subject of refunding, the President merely invites the attention of Congress to the recommendations of the Secretary of the Treasury. He says it is fortunate that a surplus revenue should have arisen at a time when it could be applied directly to the National debt, and he adds: "No public duty has been more constantly cherished in the United States than the policy of paying the Nation's debt as rapidly as possible."

On the subject of withdrawing the greenbacks from circulation, the President concludes as follows:

I therefore repeat what was said in the annual message of last year, that the retirement from circulation of United States notes, with the capacity of legal tender in private contracts, is a step to be taken in our progress towards a safe and stable currency, which should be accepted as the policy and duty of the Government and the interest and security of the people.

On the subject of silver, he says that when the silver law was passed, there was an expectation that its effect would be to restore the old relation of value between gold and silver, but that this expectation has been disappointed. He therefore advises as follows:

It is obvious that the legislation of the last Congress in regard to silver, so far as it was based on an anticipated rise in the value of silver as a result of that legislation, has failed to produce the effect then predicted. The longer the law remains in force, requiring as it does the coinage of a nominal dollar, which, in reality, is not a dollar, the greater becomes the danger that this country will be forced to accept a single metal as the sole legal standard of value, in circulation, and this a standard of less value than it purports to be worth in the recognized money of the world.

The Constitution of the United States, sound financial principles, and our best interests, all require that the country should have as its legal tender money, both gold and silver coin, of an intrinsic value, as bullion, equivalent to that which, upon its face, it purports to possess. The Constitution, in express terms, recognizes both gold and silver as the only true legal-tender money. To banish either of these metals from our currency is to narrow and limit the circulating medium of exchange to the disparagement of important interests. The United States produces more silver than any other country, and is directly interested in maintaining it as one of the two precious metals which furnish the coinage of the

world. It will, in my judgment, contribute to this result if Congress will repeal so much of existing legislation as requires the coinage of silver dollars containing only $412\frac{1}{2}$ grains of silver, and in its stead will authorize the Secretary of the Treasury to coin silver dollars of equivalent value, as bullion, with gold dollars. This will defraud no man, and will be in accordance with familiar precedents. Congress, on several occasions, has altered the ratio of values between gold and silver, in order to establish it more nearly in accordance with the actual ratio of value between the two metals.

PROGRESS OF BANKING LAW.

The Court reports issued during 1879-80 show the establishment of several principles relative to banking, which are of wide-spread interest. One very noteworthy decision is that by the United States Supreme Court relative to special deposits.* For a number of years past the State Courts have often been called to consider cases involving special deposits made with National banks. The very common practice of cashiers accepting boxes or parcels of securities for safe keeping, as a favor to depositors, has naturally resulted, in a few instances, in the subsequent loss or theft of the property; and the depositor has sought to hold the corporation liable. The State Courts have decided this question in opposite ways. The decision of the Supreme Court, which is, of course, authoritative throughout the whole country, affirms the liability of the bank. The circumstances were that the cashier of the Carlisle National Bank took from a depositor a package of Government bonds for safe keeping, making no charge for the storage. Later, by the depositor's request, he exchanged the bonds for some of another issue; also he collected the coupons and gave the depositor credit. The directors were aware that he was accustomed to oblige depositors in this manner. Subsequently the bonds were stolen, due partly to negligence of the clerks in the manner of keeping special deposits. Their owner then sued the corporation, whose counsel argued that taking deposits is not a part of the business of National banks, and therefore the cashier could not bind the bank in the transaction; the suit should have been against him individually. The opinion of the Supreme Court, however, refers to Revised Statutes, § 5,228, which declares that, after the failure of a National bank, it shall not prosecute banking business except, &c., "to deliver special deposits." This implies, so the Court considers, that a National bank, as a part of its legitimate business, may receive special deposits; the implication is as effectual as an express declaration would be. And receiving Government

* *Carlisle National Bank v. Graham*, 100 U. S. 699.

securities for safe keeping and collection of coupons is receiving a special deposit. As many of the banks may well have relied upon decisions of their State Courts, protecting the corporation from liability for these outside dealings of cashiers, the decision seems to suggest that directors should revise the customs of the counting room in this respect; and either forbid taking special deposits or impose a charge to cover the risk, or prescribe a careful and prudent manner of keeping them.

Readers of the journals of the day have noticed an unusual number of trials in which rare scientific tests—the microscope, the photograph, chemical analysis, &c.—have been employed. One decision,* reported lately, involves banking matters. There was a long course of dealing between a bank and a depositor during which the bank book had been balanced five times and returned, with the paid checks, to the depositor, without immediate objection on his part. Later, he repudiated thirty-seven of the returned checks as forged, and sued to recover the moneys deposited. In explanation of his omission to object promptly to the forged checks he said that the forgeries were committed by his book-keeper, who also received the bank book and checks whenever the account was written up; and that he himself had no knowledge of the forgeries or of the growing deficiencies in his balance, until, of a sudden, the book-keeper absconded. On the trial a sharp controversy arose whether the checks were forgeries or were not genuine; and this called forth a proposal to use the microscope. The counsel for the depositor called an oculist as a witness, who produced a glass which he declared was a correct one and magnified four times. The lawyer then offered the glass to the referee who was trying the cause, and asked him to examine the checks with it. He did so (although the lawyer for the bank objected), and then pronounced the checks forgeries. The Court said that it was perfectly proper for him to use the glass if he could see better with it; it was his duty to resort to the usual and proper agencies which can be trusted to increase the natural power of vision, and consequently to heighten the ability to judge in respect to the identity and genuineness of the signatures.

The question incidentally involved in the above case—whether a merchant is excused by the misconduct of his bookkeeper for delay to notify the bank that checks have been forged—has been decided in favor of the depositor in two other cases. In one the story was that Welsh, a commission merchant, doing an extensive business, employed a bookkeeper who had charge of his produce and bank books; and this bookkeeper submitted to him, from time to time, fictitious accounts of sales of produce consigned to him,

* *Frank v. Chemical Nat. Bank*, 45 N. Y. Superior Ct. 452.

whereupon Welsh would sign a check for the amount, drawn payable to the customer's order, and give it to the book-keeper to be transmitted to the customer. But the book-keeper forged the proper indorsements and negotiated the checks. They were paid by the bank, charged in the pass book and returned, with other vouchers, to Welsh's store each month, when the bank account was balanced. But as the book and vouchers came into the charge of the book-keeper himself, Welsh did not discover the fraud until months afterward. He then sued for his deposit. The bank relied upon the monthly settlements, contending that the bank was entitled to prompt notice of the forgeries; but the New York Court of Appeals decided that, under the circumstances, the delay of Welsh to give notice was excused.* Such a decision suggests the question whether it would not be prudent for bankers to ask to be informed as to a customer's usual time and manner of revising his bank account, or perhaps to make stipulation with him for a prompt personal examination of the checks they return to him as paid.

From the same Court is reported a decision† bearing somewhat upon the topic first discussed above—the liability for special deposits. A dealer in oil who sold 10,000 barrels to a doubtful customer on credit, required, before he would engage to hold the oil for the buyer, that the latter should deposit \$2,500 in bank as security. The buyer did so, and the cashier indorsed on the contract of sale a receipt for the money, saying that it was to be held as security for fulfillment. But the buyer failed to take and pay for the oil, and in the mean time the price fell. The seller then called upon the bank to make good his loss out of the deposit. The directors contended that the cashier had no authority to engage to hold a depositor's money as security for a third person. The Court said it is probably true that a National bank cannot become surety for a buyer; but there is nothing to prevent its receiving a deposit, payable upon a contingency, to some person other than the depositor. The circumstance that the money is to be held for a third person or even that it may be doubtful, when the deposit is made, whether the third person will be entitled to any, and to how much, does not put the deposit beyond the corporate power.

Several decisions attest progress of the law in somewhat increasing the responsibility of directors for fraud or mismanagement by cashiers. The rule has generally been stated to be that if directors or trustees do not participate in the fraud or profit of peculations or embezzlements by managing officers, they are not liable, in damages, to depositors or stockholders. Actual fraud was formerly said to be necessary; if directors had acted honestly they were not deemed

* *Welsh v. German-American Bank*, 78 N. Y. 124.

† *Bushnell v. Chautauqua County Nat. Bank*, 74 N. Y. 390.

liable for losses attributable to bad judgment or weakness. Decisions within a year or two past say that gross negligence may be equivalent to fraud for this purpose. Directors are not responsible for the performance of the cashier's duty, but if they neglect their proper duties as directors, and by this means subordinate officers are enabled to make away with the assets, the directors may be charged, according to recent decisions. There are indications that the rule is more lenient when stockholders' losses are in question, and somewhat more stringent against directors when depositors or strangers are the plaintiffs. For there is some justice in saying, in answer to a stockholder's complaint: "You stockholders selected these men to manage the bank's affairs." In a New York case* which arose out of the noted Bonner defalcation in New York city, the facts were that the Bankers and Brokers' Association was brought into insolvency by Bonner's embezzlement of the collaterals held by the association, of which he, as its president, had the charge. The receiver sued a lender to recover the loan he had had from the association, and the lender set up in defence the president's theft of the securities he had lodged as collateral. He collected proof that the trustees left the entire management of the business of the association with the president and a manager; that the trustees were accustomed to take whatever statements Bonner made to them without examining or testing their truth; that they did not hold any regular meetings, or enforce any rules or exercise any vigilance in regard to the care of the collaterals; also that Bonner had for six months been in the habit of abstracting securities and using them in his private business, of which the manager, who was also a trustee, had some knowledge. The Court said that the trustees had not taken ordinary care, and that the corporation must be deemed liable for the theft which their gross negligence had rendered it so easy for Bonner to commit. The selection of men of good character as the managing agents of a bank does not discharge the whole duty of the directors; they are bound, in addition, to exercise such general supervision and vigilance as a discreet person would exercise over like affairs of his own. Here were no supervision, no meetings, no examination, no inquiry—and one trustee had actual knowledge. Ordinary care, watchfulness and periodic examinations would have discovered the fraudulent practices. In this instance the claim was made against the company, not against the directors personally, but in a Virginia case the latter aspect was presented. The facts are thus narrated in one of the journals of the day: "A bank in Richmond suspended payment; trustees in bankruptcy were appointed. They found, on investigating past affairs, that the directors, after electing a president and

* *Cutting v. Marlow*, 78 N. Y. 454.

cashier, left the entire management to them, confining their own labors to the easy duty of holding semi-annual meetings and declaring dividends according to information of the half year's profits given them by the managing officers. Meantime the president and cashier were squandering the funds. The president lost the cashier's bond. The cashier over-drew his account nearly \$10,000. The president did outside business in his own name, using the bank deposits. Worthless paper was discounted and favorites were permitted to overdraw; book-keeping was grossly neglected, by reason of which the directors not only were ignorant, but could not know the true condition of affairs, yet they published favorable annual reports. Upon a mass of facts like these the trustees in bankruptcy sued the directors, claiming that they should make good the losses sustained by the depositors through their negligence." The Judge of the Federal Circuit Court said* that the circumstances showed gross inattention and negligence on the part of the Board, which had directly enabled the managing officers to commit the frauds, and the directors might be required to contribute personally a sum sufficient to enable the receiver to discharge the debts. In another New York case† the same general result was reached, but upon a ground not very common in cases of this kind, viz.: that the bank had profited, instead of lost, by the cashier's misconduct. Money was needed to meet liabilities of the bank itself, and the cashier took Government bonds belonging to individuals, which were lodged with the bank, and pledged them as collateral to a loan which he negotiated for the bank. When the owner of the securities discovered the misappropriation he sued the bank, whose counsel argued that stealing a depositor's securities was quite outside a cashier's authority. The Court said that this was so, but that borrowing money was within his authority, and that the proof showed the money had been paid into the bank's funds, and used for its benefit. The bank, having had the benefit of the money obtained by the pledge, could not repudiate the acts of the cashier by which the money was obtained.

* *Trustees, &c., v. Bosseix*, 3 *Fed. Reporter*, § 817.
† *Fishkill Sav. Inst. v. Bostwick*, 19 *Hun.* 354.

THE PUBLIC FINANCES.

The net public debt, being the gross debt less cash on hand, was diminished during November, 1880, by the sum of \$3,609,261. The reduction of the bonded debt during the month was \$4,178,000, as will appear from the following statement of the aggregates Nov. 1 and Dec. 1:

	<i>Nov. 1, 1880.</i>	<i>Dec. 1, 1880.</i>
Bonds at six per cent.....	\$ 217,699,550 ..	\$ 213,521,550
Bonds at five per cent.....	469,651,050 ..	469,651,050
Bonds at 4½ per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	738,368,600 ..	738,404,450
Refunding certificates.....	979,200 ..	943,350
Total.....	<u>\$ 1,676,698,400 ..</u>	<u>\$ 1,672,520,400</u>

The saving of interest by the cancellation of bonds during November is \$250,680, which makes the total saving of interest by the purchase and cancellation of bonds since October 31, 1879, \$6,156,001.

The following is a part of the Treasury statement of December 1:

Cash in the Treasury.....	\$ 210,926,763
CURRENT LIABILITIES.	
Interest due and unpaid.....	\$ 2,892,955
Debt on which interest has ceased.....	5,518,085
Interest thereon.....	749,376
Gold and silver certificates.....	42,477,780
United States notes held for the redemption of certificates of deposits..	8,525,000
Cash balance available.....	<u>150,763,567</u>
Total.....	\$ 210,926,763

What the public want to know is, how much cash the Treasury holds in its own right, and not as a mere depository of the funds of others, to whom it is under obligation to deliver their money on demand.

As will be seen, the gross cash in the Treasury is \$210,926,763, but of that amount, \$51,002,780 consists of deposited gold, silver, and greenbacks, leaving the cash belonging to the Treasury, \$159,923,983. Of that amount, \$138,696,718 is the reserve for maintaining coin payments, of forty per cent. of the greenback issues, which the Secretary decided to have been required two years ago by a proper prudence. After allowing, therefore, for the resumption fund, he has a cash balance of \$21,227,265.

As to "the debt on which interest has ceased," which is put down as a "current liability," some of it consists of items more than forty years old, and a good deal of it will never be called for at all. As to "interest due and unpaid," it is an item not likely to be less for a long period to come.

As to the forty-per-cent. reserve held for resumption, the time seems to have come when the Secretary should consider whether it may not wisely and safely be reduced to thirty-three and one-third per cent., in view of the entire confidence which has now been established in the permanency of coin payments.

Of the outstanding bonds called in 1879, and in previous years, amounting to nearly \$5,000,000, only \$97,580 was presented for payment in November. Of the \$15,000,000 of outstanding fractional currency, only \$18,654 was presented.

The following is a statement of the metallic reserves of the United States Treasury, at the two dates named :

	<i>November 1.</i>	<i>December 1.</i>
Gold coin and bullion (less outstanding certificates).....	\$ 133,278,252 .	\$ 143,981,139
Silver dollars (less outstanding certificates) .	27,301,228 .	20,892,467
Subsidiary silver.....	24,629,489 .	24,653,530
Silver bullion.....	6,043,367 .	6,255,389
	<hr/>	<hr/>
	\$ 191,252,336 .	\$ 195,782,525

As will be seen, the silver dollars have decreased \$6,408,761, and the gold has increased \$10,702,887. There was, on December 1, more gold by the large sum of \$29,788,382, than there was on the day when coin payments were resumed.

The gross amount of gold certificates was \$7,400,500, but of these, \$19,120 were held among the Treasury assets. The gross amount of silver certificates was \$35,077,280, but of these \$8,572,294 were held among the Treasury assets.

There were thus outstanding, in the hands of the public, \$7,381,380 of gold certificates, and \$26,504,986 of silver certificates.

The Treasury holding and ownership of silver dollars, reached the highest point September 1, 1879, when the amount was \$39,875,844. In the three following months it was reduced by the large sum of \$18,983,377, which passed into circulation in the metallic and certificate forms. In addition, the circulation absorbed the current coinage of the three months.

On the 1st of December the number of silver dollars held in the Treasury was 47,397,453, but of these 26,504,986 were the property of individuals, and were represented by outstanding certificates.

The following is a statement of the coinage executed at the United States Mints, during the month of November, 1880 :

Double eagles—pieces, 32,000, value, \$640,000; eagles—pieces, 198,880, value, \$1,988,800; half eagles—pieces, 337,280, value, \$1,936,400; quarter eagles—2,960, \$7,400; dollars—1,600, \$1,600. Total gold—pieces, 622,720, value \$4,574,200. Silver dollars—pieces, 2,300,000, value, \$2,300,000. Five cents—pieces, 200, value, \$10; three cents—pieces, 200, value, \$6; cents—pieces, 6,200,200, value, \$62,002. Total base—pieces, 6,200,600, value, \$62,018.

The coinage of silver dollars under the law of 1878, to December 1, has been \$75,147,750, of which \$54,255,283, were then in circulation as follows:

In the metallic form..... \$27,750,297 In the certificate form... \$26,504,986

On the 1st of December, the greenbacks, held and owned by the Treasury, that is to say, exclusive of the greenbacks held for the banks, and for which certificates were outstanding, was \$11,124,937. A city contemporary, the *Tribune*, complains that this is too small an amount and "not enough to meet current demands." On the contrary, nobody has any right to make a demand on the Treasury for greenbacks, except the holders of subsidiary silver. That is a small demand, and does not at all justify the Secretary in holding \$11,124,935. The command of the law is, that as fast as greenbacks come into the Treasury, in whatever way, they shall be "re-issued, paid out, and kept in circulation." Beyond some small sum necessary for the redemption of subsidiary coins, he has no right to keep greenbacks on hand one single day, if he has legal opportunities to pay them out to the creditors of the Government. The law is explicit and imperative. It intends and prescribes that the greenbacks shall be "kept in circulation," and not locked up in the Treasury vaults.

The *London Times*, of December 8, says that the "unprecedented rate of redemption is having its natural effect in raising the credit of the United States," and that the "rapidity in paying off the debt" must aid "most materially by reducing the supply of stock," in enabling the United States to refund at lower interest charges. This is precisely what we insisted upon, in opposing the premature attempt to pass a refunding bill during the last session of Congress. We had entered in November, 1879, upon an era of surplus revenue. The longer we could, by postponing refunding, leave this surplus revenue to be applied in diminishing the amount of United States bonds on the markets, the more favorably we could borrow at last. Congress displayed great financial sagacity in its steady refusal to precipitate action, when there was nothing to be gained by haste.

The money article (December 3) of the *New York Tribune*, had the following: "A very interesting question to-day arose between the Treasury officials and a representative of a holder of the four-per-cent. bonds. Washington checks for interest, amounting to \$170, on registered four per cents. were presented at the Sub-Treasury in New York for payment. Acting under general instructions to make all payments ninety per cent. gold and ten per cent. in standard silver dollars, seventeen standard silver dollars were tendered in part payment for the checks. The tender was declined on

the ground that by the Refunding Act both principal and interest were made payable in 'coin of the present standard value,' which at that time was the gold dollar of twenty-five and eight-tenth grains. The matter has been referred to the Secretary at Washington."

A Washington dispatch (December 5) to the *Tribune* said: "Assistant-Secretary Upton, of the Treasury Department said to a *Tribune* correspondent to-day that the refusal of a holder of four-per-cent. bonds to receive standard silver dollars in part payment for interest, as published in the *Tribune* yesterday morning, had been reported to the Department. Mr. Upton said that the Department would not probably give any special instructions in the matter. Ever since the order of October 8, 1879, he said, a percentage of interest on bonds as well as of all other expenditures of the Government has been paid in silver, and the refusal to take silver in the case reported in New York yesterday, is the first that has occurred, so far as Mr. Upton knows."

ASPECTS OF TRADE.

The full returns of the foreign commerce of the United States for October, 1880, show the following movement of merchandise, exclusive of gold and silver, as compared with October, 1879 :

	October, 1879.		October, 1880.
Exports	\$ 87,733,999	..	\$ 85,659,325
Imports.....	47,789,142	..	54,002,141
	\$ 39,944,857	..	\$ 31,657,184

During October, 1880, the exports of gold and silver were \$ 2,823,926 and the imports \$ 17,334,196, making the net import \$ 14,510,270.

Taking the whole trade for October, 1880, in merchandise and gold and silver, the balance in favor of the country was \$ 18,728,342, which completely negatives the idea that American securities can have been sent abroad in that month in excess of purchases of such securities from foreigners. In fact, the balance of the flow of securities must have been inward instead of outward.

For the ten months ending October 31, the exports and imports, exclusive of gold and silver, were as follows :

	1880.		1879.
Imports.....	\$ 602,298,839	..	\$ 403,532,564
Exports.....	707,757,159	..	604,975,757
	\$ 105,458,320	..	\$ 201,443,193

SPECIE MOVEMENT, TEN MONTHS ENDING OCT. 31.

	1880.	1879.
Imports.....	\$ 56,845,379	\$ 66,737,397
Exports.....	12,796,444	22,527,323
Net imports.....	\$ 44,048,935	\$ 44,210,074

Taking the whole trade for the ten months in merchandise, gold and silver, the balance in favor of the country was \$61,409,385. If that is not equal, it must be pretty nearly equal, to our foreign interest account during the same time, and to the excess of money spent abroad by American travelers over the amount brought in by immigrants.

Doubtless there are some descriptions of American securities marketed abroad; but on the other hand, many of such securities are being purchased abroad, and it is agreed that there is a constant flow this way of United States Government bonds.

During the month of November the merchandise imports at the port of New York were \$31,497,460 and the gold and silver imports were \$8,368,898. The merchandise exports were \$34,572,488 and the gold and silver exports were \$682,491. In the merchandise trade alone there was thus a favorable balance of \$3,075,028, while in the whole trade, including merchandise, gold and silver, the unfavorable balance was only \$4,611,379. These figures make it certain that when returns from all the ports are received, November will show a very heavy balance in favor of the country in the merchandise trade, and a large favorable balance even including gold and silver.

During the first nine months of 1880, the United States imported 1,657,693 tons of pig and bar iron, iron and steel rails, boiler, band, hoop and sheet iron, castings, tin plates, scrap iron, and anchors and chains, of a total value of \$54,652,492, as compared with 280,649 tons and a value of \$12,892,958 during the same months of 1879.

In addition, there were during the first nine months of 1880, as compared with the same months in 1879, the following importations:

Articles.	1879.	1880.
Hardware.....	\$ 92,094	\$ 94,881
Machinery.....	449,784	1,182,658
Firearms.....	460,660	788,334
Steel ingots, etc.....	1,147,037	4,548,126
Cutlery.....	999,736	1,489,824
Files.....	76,089	123,003
Saws and tools.....	5,341	3,408
Other manufactures.....	1,856,654	5,279,119
Total.....	\$ 5,087,395	\$ 13,509,353

These figures are commended to the attention of persons who think that there is no outlet except abroad for an increase of the products of American industry. In fact, there is no market for such an increase, more ample, remunerative and inviting than our home market.

FINANCIAL MATTERS IN EUROPE.

During the first ten months of 1880, as compared with the same months of 1879, the excess of exports over imports of silver from Great Britain to India and China (including Hong Kong) was as follows :

	<i>India.</i>		<i>China.</i>
1880 (10 months).....	£ 3,933,758	....	£ 1,005,189
1879 "	4,497,447	....	145,157

For the ten months, the aggregate net British silver export to India and China has been greater by £ 296,343 this year than last.

In this connection, we note that the silver exports of San Francisco to China (including Hong Kong) during the first eleven months of 1880, were as follows :

Bars.....	\$ 1,154,278
Mexican dollars.....	1,000,394
Trade "	1,000
	\$ 3,121,672

The total silver exports for the eleven months of 1879, was \$ 7,557,179. This decrease in the San Francisco silver export to China, is compensated by the increased silver exports to the East from Marseilles and Venice.

During the month of October, Great Britain imported gold to the amount of £ 1,503,850, and exported £ 795,579. Of silver, it imported £ 469,917 and exported £ 482,625.

During the first ten months of 1880, Great Britain imported gold to the amount of £ 7,166,930 and exported £ 6,475,009. Of silver it imported £ 5,430,729 and exported £ 6,233,714.

The annual consumption of gold in Great Britain in the arts, &c., is more than £ 4,000,000 per annum, and has been estimated by some authorities, the London *Economist* for example, as high as £ 5,000,000 per annum.

As to the prospect of gold from the India mines, the London *Economist* of Nov. 13, says :

"In our advertisement columns will be found the names of fresh Indian gold ventures. Many others are also reported to be on the way. The rage for these shares just now may be easily explained. Men who had previously obtained allotments in companies like the Devala-Mazar have been enabled to dispose of them at a substantial profit, and hence they are all eagerness to repeat the operation. It was the enormous profits realized in France by the holders of allotment letters in General Credit and Finance shares and International Financial shares which caused the mad rush for allotments in finance companies—allotments which there was no intention of holding—and the Indian gold mania is something similar, although upon a smaller scale."

The dealings at the London Stock Exchange during the

closing months of 1880 were on an unprecedented scale. On the 17th of November, being a semi-monthly Stock Exchange settlement day, the clearings at the Clearing House were sixty millions sterling, being six millions more than on any previous day, and forty-five millions more than the average for the year 1880. In contrast to the activity of stock speculations, the British papers report a decided dullness in trade and manufactures.

Tenders for £ 3,500,000 of India $3\frac{1}{2}$ -per-cent. stock were opened December 8, in London. The applications amounted to over £ 14,500,000, varying from the official minimum of 98 to $104\frac{1}{4}$. The tenders at £ 103 *12s.* receive about 71 per cent. of the amount bid for; those above that figure receive the amounts bid for in full.

The remarkable success of this loan caused a large rise in the prices of investment stocks in London.

The proceeds of the loan are applied to taking up other loans bearing a higher rate of interest, so that it does not cause any increase of the debt of India.

The British Board of Trade returns for the month of November show an increase of £ 1,812,745 in the value of exports, and £ 4,085,994 in the value of imports into the United Kingdom as compared with the same month last year.

In November, the British silver export to China was large, but was very small to India. Pixley and Abell's circular, (London) of Nov. 25, says :

"The steamer which left Southampton yesterday took no silver to India, being the third vessel in succession without shipments."

During November, several Austrian orders for silver helped to sustain the London market.

On the 9th of December the Bank of England raised its rate of discount from $2\frac{1}{2}$ to 3 per cent. The rate would have been raised sooner if the English financiers had not deluded themselves with the idea that the drain of gold to America would come to an end without active measures against it on their part. On that subject we can only repeat the following from an article in the December number of this Magazine :

"As it is impossible that Europe can submit to a much further loss of gold, we must expect that measures will be taken by the great banks there to put an end to it. The Bank of France has already taken a step in that direction, and it cannot be long before the Bank of England will follow suit. France and England are too rich to think of a suspension of coin payments, and as there is only one way to prevent it, which is to make money scarcer in their own markets, so as to affect the balance of trade between themselves and us, in both merchandise and securities, we may

be sure that they will finally resort to that method. American securities are owned in abundance in Paris and London, and the sale of them here can always be forced whenever the banks of France and England determine that the necessity for it has come."

In respect to Italy and Belgium, the Paris correspondent (Nov. 18) of the London *Economist* says:

"The general outline of the plan of the Italian Minister of Finance for the suppression of the forced circulation of paper money has been made public. The principal feature is the raising of a specie loan of 644 millions of francs abroad. Of that sum 600 millions would be applied to withdrawing a like sum of paper from the circulation and forty-four millions to liquidating the State debt to the Upper Italy Railway. There would still remain indefinitely in circulation 340 millions of unredeemed paper, but this would be received at all the Treasury offices, and would form the Government permanent debt to the associated banks. Accounts from Italy apprehend a crisis in consequence of the proposed resumption of specie payments. The agio on gold, recently eight or ten per cent., has become reduced to three and one-half; and the Italian funds continue to drop. The banks have stopped discounting, and serious trade embarrassments are looked on as inevitable. Some heavy failures are also reported from Belgium, two in particular, the firms of Pfeffer and De Meulemeester, of Ghent, being of considerable amount, and likely to shake other houses. The effect of the recent hardness of money in Paris has been felt on the Brussels Bourse. The National Bank has raised its rate of discount to three and one-half per cent., and from five to five and one-half per cent. was paid for carrying over purchases at the last mid-monthly settlement."

The correspondence (November 25) of the same journal says further, in respect to the proposed Italian resumption:

"M. Sciotto, Director-General of the Ministry of Finance in Italy, was in Paris a few days back in communication with the Rothschilds relative to the proposed loan of 640 millions of francs for resuming specie payments. The text of M. Magliniani's bill is now published, and according to it 400 millions of the loan is to be furnished in gold. As this could only be obtained from France and England, which countries have not at this moment any of that metal to spare, there are practical obstacles to the realization of the project. Any attempt to procure such a sum in gold for export to Italy would be met by the banks of France and England by a sharp advance in the rate of discount, which would render the operation impossible."

The Vienna correspondent (November 22) of the same journal, says:

"The Italian bill respecting the abolition of forced cur-

rency in Italy, is a subject of great interest to Vienna and the Austrians, who are of opinion that it would be much easier to abolish forced currency in Austria than in Italy, although here no statesman would dare to propose an undertaking of the kind. Of course, Austria would have to introduce a pure gold standard at the same time."

The "battle of the standards" continues quite animated in Germany.

We have already noticed, that the German "Congress of Economists," at a meeting in October, resolved in favor of an adherence to the gold policy. We have since seen it stated that Professor Wagner, esteemed a high authority in Germany, and hitherto a gold-standard advocate, announced to that meeting his conversion to bi-metallism.

The Franfort correspondent (Nov. 15) of the New York *Commercial Bulletin*, says :

"The discussion on the standard question is becoming quite animated among German economists. The principal financial papers have also taken part *pro* and *contra*. The Berlin *Boersen Zeitung* is bi-metallist, the Frankfort, *Zeitung* a strong advocate of the gold standard, while the Vienna papers advocate a standard which would be more in unison with the monetary conditions of the Austrian Empire."

It is not stated what standard would suit the monetary conditions of Austria, but at this distance we should judge that a system of unlimited greenbacks would meet the case.

Soetbeer, as usual, is active on the gold side. In a recent address, he denies that the bi-metallists are a majority of the German Parliament. He also says: "The outstanding silver should be withdrawn, but slowly, so as to avoid every loss, and no term should be fixed in the present uncertainty as to measures which the United States might adopt."

The German Commercial Association, at their meeting in Berlin, in November, seem to have pronounced in favor of gold, although the accounts differ somewhat as to the temper of the body.

The London *Economist*, of November 27, says :

"A motion proposed by Dr. Soetbeer, on the subject of the standard, to the effect that an alteration in the existing law establishing a gold standard would be a serious injury to the commercial interests of Germany, was carried by a large majority, eighty-four represented Chambers voting for it, and five against."

The Vienna correspondent (Nov. 22) of the same journal, says :

"As to the currency question, the report of which was read by Professor Soetbeer, this eminent authority upon the subject with difficulty prevented the meeting from voting in accordance with their bi-metallic tendencies. It was decided that the Currency Act must be carried out to the end, but

that a greater quantity of one and two-mark pieces should be coined."

The standard question is also being agitated in Switzerland, as will appear from the following telegram (Dec. 14) from Geneva:

"The proposal of the Federal Council to coin 250,000 20-franc gold pieces has been rejected by the National Assembly, on the ground that in the present state of exchanges the operation would bring no profit to the country, and would be regarded abroad as a step toward a gold standard, a consummation which the Assembly earnestly deprecated."

In the French Chamber of Deputies (Dec. 6), the following proceedings are reported: "M. de Soubeyran (Bonapartist) pointed out the gravity of the monetary situation, and asked what measures the Government intended to take in view of Italy's project of redeeming her forced currency.

"M. Magnin, Minister of Finance, acknowledged that there was a diminution of the stock of gold in consequence of the adverse balance of trade. He was prepared to endeavor to protect the cash in the Bank of France by raising the rate of discount and putting in circulation bank notes for amounts below 100 francs. He pointed hopefully to the revival of industry and the abundance of gold circulating in France, which he estimated at five milliards of francs. He said, that the decision of the former monetary conference in Paris, that it was necessary to keep up the use of silver in the world, as well as that of gold, left the door open for fresh negotiations. Since that time there had been numerous manifestations in England and Germany in favor of the double standard. These, however, were not of enough importance to warrant France in taking the initiative in fresh negotiations. If new facts should arise France would take them into consideration, and would not close her ears to any overtures."

"M. de Soubeyran rejoined that it was more prudent to anticipate difficulties. He advised France to take the initiative for monetary negotiations with the United States and Germany. An agreement between the three Powers would render a signal service to commerce."

The Minister of Finance was evidently desirous of giving a *couleur-de-rose* aspect to the situation, in estimating the gold in France at five milliards of francs, or \$1,000,000,000. That was Cernuschi's estimate three years ago of the aggregate of the gold and silver combined. His estimate of the gold was \$600,000,000, and there is no probability that it has increased since.

What the Finance Minister said in favor of an issue of notes below 100 francs, or \$20, is most important. If the scarcity of metallic money in Europe continues, and especially if it becomes more stringent, that expedient is likely to be resorted to in other countries besides France.

THE VALUE OF COIN.

In a list of financial doctrines, assumed to be financial axioms, printed by a contemporary, the following is one: "Silver and gold coin have two values; first, intrinsic or commercial value; second, standard value, or the value placed upon it by the government who orders and superintends its issue."

In truth, no gold or silver coin can ever have more than one value in exchange, in any given market and at any given time, and the market reports of prices determine what this value is. A Frenchman never has any difficulty in knowing from day to day what the value of a franc is in Paris, in exchange for flour, wine, coal, or anything else which he desires to purchase, and he finds not two values for his franc, but only one.

Without doubt, there is such a thing in the case of a metallic franc, as the distinct and separate value of the material of which it is made; but whenever that particular value becomes higher in the market than the value of the coined franc, the latter is melted down and disappears as money.

In no case, in modern times, does a coin possess a "standard value," in the sense of a "value placed upon it by the government." There have been periods in the world's history, when rulers have resorted to the violent and revolutionary expedient of attempting to regulate market prices by law, or, in other words, of attempting to fix the value of money in relation to commodities. Such attempts never had anything but a very partial and short-lived success, and there is no civilized country in which they would now be tolerated. Prices, which is only another term for expressing the value of money, are everywhere left to be fixed in the market between buyers and sellers. The British Government determines that a certain weight of gold, fashioned in a particular manner, shall be a pound sterling, and also that a Bank of England note, so long as the bank pays gold, shall be a pound sterling, and that either shall be a tender in discharge of contracts to deliver pounds sterling. In like manner, the French Government determines what shall be a franc, and the German Government determines what shall be a mark. In none of these countries, however, is any attempt made to fix the value of pounds sterling, francs, or marks, and if the attempt was made, it would fail miserably. The value of each of them fluctuates in the same market from

week to week, and even from day to day, sometimes slightly, and at other times largely. The idea that the value of money is stationary, when everybody knows that the general course of prices is always either in an ebb or flow, is the most extraordinary, and yet a very common, delusion. The prices of commodities and the value of money are only two expressions of one and the same thing.

The financial "axiom" of our contemporary was amplified in the following somewhat different phraseology of a conspicuous orator in the Presidential campaign: "Nature makes all the gold and silver and the Nation coins the gold and coins the silver, so that each man who sees it may know what it is worth. . . . The gold won't cheat you; it is its own redeemer. The silver won't fool you; there it is, and when you have got it you know how much you are worth."

Undoubtedly any person who is fortunate enough to possess an American eagle knows by inspection that he has ten dollars. Furthermore, he may also be fortunate enough to have some document in his possession which will inform him, if he does not happen to remember, how much fine gold an eagle contains. Jevons says that not one man in 10,000 in Great Britain knows exactly, or can tell off-hand, how much fine gold there is in a sovereign. Probably no greater proportion of persons in this country can tell off-hand how much fine gold there is in an eagle. Coinage is said to be a certificate of weight and fineness, but we never happened to see a coin of any country, except the American trade dollar, which contained among its inscriptions any statement of either weight, or fineness, and the American trade dollar never was intended to be, and is not in fact, a money coin. The lawful weight and fineness of coins can, of course, be ascertained by a reference to the legislation of the countries in which they are minted, but do not appear on their face. Practically, the knowledge of the possessor of an American eagle, obtained by ocular inspection and by handling, is limited to the fact that he is the possessor of ten dollars. In the vast majority of cases, he will not know how much fine gold he possesses, and in no case will he know what it is "worth," until he knows by the market reports of the day, or in some other way, what the price is of the article or articles he wishes to purchase. His gold piece will sometimes exchange for two barrels of flour, and sometimes for one. The Government affixes no value to it, and enters into no engagement whatever as to what it is "worth," or may hereafter be "worth." The Government does nothing whatever but to designate it as being ten dollars, and to decree that it shall be a legal tender for that amount on all contracts to pay dollars.

ABSORPTION OF GOLD BY INDIA.

In an article printed in September, the *Pall Mall Gazette* (London) made the following observations upon the demand of India for gold :

At a time when some alarm has been excited in commercial circles by the possibility of a drain of bullion to America, it is worth notice that £25,000 in gold has just been taken out of the bank for shipment to India. Our attention is so often called to the fact that India has a silver currency, and imports large quantities of that metal, that we are disposed to ignore her capacity for absorbing gold. And yet India annually imports an amount of the more precious metal which bears a sensible proportion to the production of the world. During the ten years ending with 1875, when the relative value of gold to silver was but little affected, the total net imports of treasure into India amounted to just £100,000,000, of which £36,000,000, or more than one-third, were in gold, being at the rate of £3,500,000 a year. During the same period of ten years the production of all the gold mines of the world is estimated to have averaged about 6,000,000 ounces a year, or say, £24,000,000. That India, without a gold currency, should thus have appropriated more than one-eighth of the total production sounds incredible. What she does with the gold is almost as difficult to understand. The larger portion must be converted into ornaments and jewelry, but probably much is hoarded in the form of sovereigns. When Bombay was reaping her cotton harvest at the crisis of the American war, a calculation was published to the effect that 10,000,000 sovereigns were hoarded in that Presidency alone, where the impression of St. George and the dragon is especially valued for religious purposes.

So much is said about the absorption of silver by Asia, and especially by India, that there is nothing strange in the fact that the absorption of gold in the same quarters is popularly overlooked. But it has not escaped the attention of statisticians, nor is there anything about the fact which is strange, or, as the *Pall Mall Gazette* phrases it, "incredible." If its use as money was the only use to which mankind put the precious metals, a demand for gold in India, where silver alone is money, would not be susceptible of explanation. But it is familiarly known that of the gold and silver in the world, only a small part is employed as money, and the Indian demand for gold need therefore excite no surprise. India contains not far from one-fifth of the population of the globe. In industry, wealth, and stability of political organization under the British supremacy, it may fairly be reckoned as up to the average of the human race. It is known that its people are specially addicted to the use of gold and silver as ornaments, and that its richer classes use gold by preference.

During the period of forty years ending with 1875, the ex-

cess of gold imports over gold exports averaged annually \$12,500,000, which may be assumed to have been its average annual consumption during that entire period. As its advance in population was considerable during that time, while its advance in wealth was enormous, it is natural to presume that its consumption of gold was greater during the latter part, than during the earlier part, of the forty years. This is in fact corroborated and made certain by the detailed figures of the net gold imports of India.

It was during the three Indian fiscal years ending April 30, 1865, that "Bombay was reaping her cotton harvests at the crisis of the American war," and that the net gold imports of India swelled to the following great proportions:

1862-3.....	\$ 34,240,795	..	1864-5.....	\$ 49,199,820
1863-4.....	44,491,530	..		

During the four preceding years, the average annual net gold import was only \$22,659,354, and during the eight subsequent years ending in 1873, the average annual net gold import was only \$20,824,098.

It was during the three "cotton harvest" years, that India imported more gold than it consumed, and the evidence is abundant that it then possessed, and for some time retained, a considerable stock of gold, and principally in the form of the sovereigns minted in Australia in which it was received.

It is since March 31, 1873, that the Indian stock of gold has disappeared, as a consequence of the premium upon that metal which has subsequently arisen, first in other markets, and as a consequence in the Indian markets. The process by which it has disappeared, has been such a decline in the net Indian import of gold below the current Indian consumption, as has caused the previous accumulation to be used up, either entirely, or nearly so.

During the five years beginning March 31, 1873, and ending March 31, 1878, the annual average net gold import of India was only \$5,476,783, which could not have been more than one-third, and was perhaps not more than one-fourth, of its average annual consumption during the same time.

For an account of the Indian gold dealings during the next two years and three months, we are indebted to the Bureau of Statistics. Their statement is made in rupees, and we convert it into American money at the rate of two and one-half rupees to the dollar, in view of the present silver price of gold. The statement is as follows:

	<i>India gold imports.</i>	<i>India gold exports.</i>
Year ending March 31, 1879.....	\$ 5,852,198	.. \$ 9,436,891
" " " " 1880.....	8,201,571	.. 1,199,557
Three months ending June 30, 1880....	3,777,781	.. 5,580

During the year ending March 31, 1879, there was the extraordinary occurrence of an actual net gold export of \$3,584,693 from India.

During the seven years ending March 31, 1880, the average annual net gold import was only \$4,400,178, instead of \$12,500,000, which was the annual average during the forty years ending in 1875, and instead of \$20,824,098, which was the annual average of the eight years ending in 1873, and which include none of the "cotton harvest" years when the gold imports were swollen by extraordinary commercial conditions.

To whatever extent \$4,400,178, the average annual net gold import of India during the seven years ending March 31, 1880, was below the gold consumption of India during the same time, to that extent the previous gold accumulations of India must have been reduced. It is most probable that they are already exhausted, and if that is true now, or whenever it shall become true, India will again become a large absorbent of gold, and so far as its supply is not obtained from its own lately reported mines, will again be a constant drain upon the gold of the world. This is the clear truth of the case, and it must be looked squarely in the face.

RUSSIAN PAPER MONEY.

The balance-sheet of the Imperial Bank of Russia, on the 1st of October, 1880, is given as follows, in millions :

ASSETS.		
	<i>Roubles.</i>	<i>Dollars.</i>
Covering in gold.....	152 45 ..	114 34
" " silver.....	1 14 ..	86
" " securities.....	19 58 ..	14 68
State debt bearing no interest.....	543 35 ..	407 51
	<hr/>	
	716 52 ..	537 39
Treasure held in St. Petersburg.....	34 80 ..	26 10
Four-per-cent. credit notes.....	15 11 ..	11 33
Amount of both above items at branches..	22 32 ..	16 74
Bills held.....	132 12 ..	99 09
Advances.....	141 14 ..	105 85
Own property.....	33 20 ..	24 90
State debt.....	376 07 ..	282 05
Liquidation debt.....	68 55 ..	51 41
	<hr/>	
LIABILITIES.		
Fixed circulation of notes.....	716 52 ..	537 39
Notes issued at a date.....	407 90 ..	305 92
Deposits not bearing interest.....	10 89 ..	8 17
" " bearing interest.....	341 91 ..	256 43
Notes to order.....	56 48 ..	42 36
Capital.....	25 00 ..	18 75
Reserve.....	3 00 ..	2 25

The whole note circulation at the above date was 1,124,420,000 roubles or \$843,315,000, converting the rouble at its nominal value of about seventy-five cents, though the paper rouble is at present depreciated to about forty-seven cents. The increase of the Russian note circulation, and the progressive depreciation of the currency, as shown by the price of exchange on London within the past five years, has been as follows:

	Paper money.		Coin value of a paper rouble. Par 77 cts.	Depreci- ation. Per cent.
	Roubles.	Dollars, at 75 cents per rouble.		
Jan. 1, 1875 ..	797,313,480	597,985,110	63 cts.	18
April 1, 1877 ..	711,600,000	533,700,000	59 "	26
June 26, 1878 ..	1,154,000,000	865,500,000	49 "	36
Sept. 30, " ..	1,198,900,000	899,175,000	47 "	39
Dec. 31, " ..	1,178,000,000	883,500,000	45 "	41½
June 30, 1879 ..	1,132,000,000	849,000,000	47 "	39
Dec. 31, " ..	1,147,000,000	860,250,000	50 "	35
June 30, 1880 ..	1,095,000,000	821,250,000	51 "	34
Nov. 1, " ..	1,135,152,000	851,364,000	47 "	39

The foregoing figures verify, in a remarkable manner, the principle that the intrinsic value of irredeemable paper money, or its purchasing power in the markets of the world, cannot be increased by enlarging the quantity of it. At sixty-three cents to the paper rouble the 797 millions of paper money circulating in 1876 were worth \$502,110,000 in specie, while at forty-seven cents to each paper rouble the 1,135 millions circulating in November, 1880, were worth in specie only \$533,450,000. With an increase of 338,000,000 roubles (\$260,000,000) in the nominal amount of the currency, the increase in its value was only \$31,340,000. The great increase in the volume of the currency in 1877-78 produced an immediate depreciation, while since that time the near approach to constancy in the quantity of the currency has produced a corresponding approach to steadiness in the value of the paper rouble, the depreciation varying little from forty per cent. during this period. We commend the lesson to those who are not yet convinced of the futility of inflation for everything except mischief. Vast as the volume of Russian currency is considered absolutely, it amounts to only about \$10 per capita of the population. That the country cannot absorb this comparatively small amount of currency without depreciation, indicates the backward commercial development of the empire. The depreciation is, however, far less than that of our currency during the war. That after reaching such a point of depreciation it has at last been brought to par is scarcely less than a miracle of finance, made possible by the wonderful elasticity of our resources.

THE WORLD'S DEMAND FOR CAPITAL.

In the January (1880) number of this Magazine, in discussing the frequent complaints of the English that they have been losers by foreign loans, I took occasion to make the following observations :

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.

Similar views are expressed in an article in *L'Economiste Francais*, of October 23, 1880, in which the editor vigorously combats the idea that French loans made abroad have been disadvantageous to France. On that point he says, among other things :

Wherefore do we maintain that loans to foreigners are not in themselves a bad thing? We have three reasons for it. The first is, that loans to foreigners maintain, to a certain degree, the rates of interest in France. The second, which connects itself with the first, is, that in a civilization so old as that of France, and on a soil which has been worked over for more than twenty centuries, there is no room for the remunerative employment of the savings of the country.

Without loans to foreigners, it is incontestable that the rate of interest would long ago have fallen to 1 or 1½ per cent. in England, and to 1½ to 2 per cent. in France. We shall doubtless finally arrive at a situation like that, but we may stave it off for forty or fifty years, and perhaps for a century, if we adhere to the sound present practice of exporting every year one-third or one-half of our savings; and if, after diffusing our capital in Spain, in Italy, in Austria, in Hungary, in Russia, in Roumania and in Algeria, we divert it to South America, to Soudan, and to such Asiatic countries as deserve to be civilized.

Of course, neither the mass of Englishmen nor the mass of Frenchmen, ever make loans from any such motive as that of enhancing or maintaining the rates of interest in their respective countries. They are influenced individually

by nothing except by the expectation of greater direct gains from lending abroad rather than at home. It may be true that bankers, like the Messrs. Rothschild, who conduct great operations, may be influenced as to some of them, not altogether by the direct gain to be obtained from them, but partly by a desire to prevent a glut of capital at certain points. But in operations upon the moderate scale, to which the means at the command of most lenders confine them, that motive cannot be sensibly felt. However that may be, and whatever may be the determining cause of foreign loans, their direct and necessary effect in home markets is to diminish the proportion of loanable capital to the demand for it, and thereby to increase the price paid for its use.

This effect of foreign loans, as between different countries, is precisely like the effect, so familiar in the experience of the United States, of the negotiation of loans between different parts of the same country. We know very well that if the loanable capital of the Eastern States did not find a field for employment at the West, and to some extent at the South, the rates obtainable for it in the home markets of the Eastern States themselves would sensibly fall.

It is often commented upon as something unaccountable, that great bankers and capitalists in San Francisco, where current rates of interest at the counters of banks and in the open market are comparatively high, should be found to be the holders of very large blocks of the four-per-cent. bonds of the United States, and to resist the temptation to sell them even when they command a high premium. For all the money they loan in California they receive at least twice as much interest as on investments in Government bonds. Nevertheless, it is safe to assume that they know how to conduct their operations in the manner most advantageous to themselves. If they do not make all their loans at home, it is because they know, or have sufficient reasons to believe, that the effect of that would be to reduce rates of interest in their own immediate market to such an extent, that upon the whole they would make less profit by using all their capital in it, than they do by their present practice of using a part of it elsewhere. It is not necessary to suppose that they hold upon this subject any theories which are formulated in set forms of words. Such men are not ordinarily philosophers, but they have a keenness of scent, or as some people would phrase it, an instinct for a profit, which does not often betray them into practical mistakes.

What is thus true of San Francisco, is, of course, likely to be true of other money markets which are equally limited, and in which the control of the capital is to an equal degree concentrated in a few hands. But such cases are not numerous enough to affect the substantial accuracy of the statement that capital existing in one market is ordi-

narily loaned in another, for the sake of a direct profit in such a transaction, and not for the sake of the indirect profit which may result to the lender from increasing the rate of interest upon another portion of his capital which he may employ at home. In great money markets, like those of London, Paris and New York, no sensible diminution of the stock of loanable capital, can be brought about by the transfer to other markets of the means at the disposal of an individual lender.

The power of loanable capital to change the locality of its employment tends to equalize the prices paid for the use of it, just as the power of laborers to migrate tends to equalize wages in different places. The nearest approach to an actual equalization will, of course, be attained in the case of capital, which has a much greater facility of movement than labor possesses. It can be transferred from place to place absolutely without cost. Apparently, the freedom of its movement would be perfect, if the holders of capital were so thoroughly conversant with the conditions in all markets, essential to its safe employment, as to operate everywhere with an entire indifference to any other consideration than the rate of interest to be obtained. In fact, the knowledge of other markets, possessed by any class of capitalists, is by no means unlimited, and such knowledge on the part of the holders of small capitals is ordinarily very much restricted. But the progress of things in modern times acts constantly in the direction of diffusing information as to the circumstances of different markets, and of thereby practically increasing the freedom of choice of capitalists as to the market in which they will operate. The facilities of inter-communication have been and are still constantly being enormously multiplied. The number is steadily growing greater of banking houses, which have establishments at many and widely-separated points, at all of which they may be said to be equally at home. The quantity is also steadily growing greater of the class of securities which are dealt in inter-nationally, and in respect to which a familiar knowledge is equally common in all commercial countries. In these ways, and in other ways, the general range of the money markets in the chief financial centers of the world has now become approximately the same, and the local variations from it have been reduced in respect to both extent and duration.

If *L'Economiste Francais* sees nothing discouraging to French capital, in view of the wide exterior fields which lie open to it, there is even less reason for capitalists in the United States to fear a glut of money during this generation. That will not happen very soon in a country with a population only greater by one-half than that of France, spread over a territory eighteen times as great. Instead of "a soil which has been worked over for more than twenty centuries," it

contains areas larger than France, which are to this day substantially unexplored, even as to their surfaces, and still more completely unexplored as to the minerals which may lie concealed below their surfaces. Everything is new and inviting to enterprise. There is no appearance as yet that capital is increasing faster than the demands for it, and it is probably not increasing as fast. Rates of interest upon mortgage loans are higher to-day in New England than they were fifty years ago, and are higher to-day in New York than they were before the Revolutionary War. In both these cases the rates may have been kept up or enhanced, by the demands of Western markets, but the fact that they have been kept up, or enhanced, remains the same. Eighty thousand miles of railroad have been constructed in this country since 1850. It is reasonable to suppose that three times eighty thousand miles more will be required to be constructed by 1910, and that will only be an average of eight thousand miles per annum during the thirty years to come. The development of a country so vast and so abounding in natural resources calls for sums which are bewildering. Without doubt, the increase of wealth is also great, but no experience here or elsewhere justifies the belief that it will, during a long future, be greater than the increase in legitimate and profitable uses for it.

Nor are Americans, any more than the English or the French, restrained from looking beyond their own boundaries in seeking for fields for the employment of either their enterprise or their capital. No Pyrenees separate us from the new Spain on our Southern border. For three centuries the treasure house of the nations, and abounding in everything which nature can give to man, it still remains destitute of nearly all the appliances of modern civilization. The capital which it requires for roads, bridges, canals, factories, machinery and harbors, is without any apparent limit, and it can be most conveniently, and will, in fact, be principally supplied from this country. Beyond it lies Central America, where the heats of a low latitude are tempered by mountain elevations, and still beyond are the incomputable, and to this day substantially unoccupied, regions of the great continent of South America. Truly may it be said, that in the present condition of the globe, the pressing question is, not where and how increasing wealth can find employment, but from what quarter the demands for it can be supplied.

GEO. M. WESTON.

DECEMBER, 1880.

THE REAL NATURE OF NATIONAL BANK NOTES.

A great many fanciful ideas are put afloat as to the real nature of the notes issued by the banks organized under the National Banking Law.

It is said that they "represent" property, whatever that may mean. It is also said that they are actual "titles to property." Both of these ideas seem to be founded on the assumption, well known to be incorrect, that banks never issue notes except in the discount of paper growing out of the sale and purchase of property. But even if that assumption was true, it is wholly incomprehensible in what way bank notes can either "represent," or be "titles to," the property so sold and purchased. The property itself passes to the purchaser, and what the bank discounts is the paper of the purchaser, which rests merely on his general credit, and has no special lien on the property. If the paper discounted by the banks is itself in no proper sense a title to any property whatever, still less can the bank notes issued in such a discounting be such a title.

The circulating notes of the banks, are merely their contracts to pay money on demand. Their basis, like the basis of all such contracts, corporate or individual, is the general credit of the promissors, in connection with the right of the holders of the promises to resort to the various methods of coercion provided by law. It is true, that in a certain sense, the contract of any solvent party to pay money, represents property. Behind every such contract, there is property which ought to be sold and applied to its discharge, but the contract is not a title to, or a lien upon, such property, which may therefore be, and often is, diverted to other uses, or concealed and kept out of the reach of the creditor party.

Besides being a claim at law upon the banks themselves, bank notes are also a lien, not upon any tangible and corporate property, but upon the evidences of the National debt, which are deposited and held in trust at the Treasury in Washington. But that does not make them the representatives of, or titles to, property. It merely adds the credit of the Government to the credit of the banks, as an assurance of the performance of their contracts. Doubtless, this combined assurance is in all respects ample, and quite equal, to say the least of it, to any conceivable pledge of property. But it is none the less true that the depositing of Government bonds does not give the holders of bank notes a lien upon specific property of any kind.

It is sometimes said that bank notes represent coin. In

fact, they do not even promise coin. They promise money, and under existing laws greenbacks, as well as coin, are money. But whatever they may promise, whether greenbacks, or coin, they do not represent either. They are interchangeable in the market for coin, and are really preferred to coin, from their convenience and from the perfect credit which they enjoy and deserve to enjoy. But interchangeability in the market is a very different thing from representation, although it may be an equally good or even a better thing. A certificate of the deposit of coin, to be kept until called for by the holder of the certificate, is a representative of coin, and nothing short of that can be. A promise of money, if as entirely reliable as a National bank note, is equally available, but after all, it is the promise, and not the representation, of money.

Our paper currency system differs fundamentally from the British paper currency system as settled by Peel's Bank Act of 1844, since imitated in Germany and Austria. Peel allowed a certain fixed and small quantity of bank notes, less than \$150,000,000 for the whole United Kingdom, to rest upon the general resources of the banks, but for all notes beyond that rigid and narrow minimum, he required an equal amount of gold to be actually held by the issuing banks. All the British paper currency in excess of rather less than \$150,000,000, is therefore the actual representative of gold, and the limits of the expansion and contraction of the total currency are precisely the same as if it consisted wholly of gold. The minimum beyond which Germany and Austria both require bank paper actually to represent coin, is \$100,000,000, which is a closer restriction by one-third than is imposed in Great Britain. We refer to these European systems, not as better than ours, but as illustrating the character of a paper actually representing coin.

Mr. Sherman was obliged in a recent case to say, that a greenback could and ought to be treated as a coin certificate, as long as it was redeemable in coin. The case was, that Custom-House duties are and have been since 1862 required to be paid in coin. After the resumption of January, 1879, the entire country desired that greenbacks should be received at the Custom Houses. Congress was unanimously for the same thing, but was unable to pass a law to effect the object, because one party insisted that they should be received only so long as they were redeemed in coin, while another party insisted that they should be received without any condition. Mr. Sherman cut the knot by declaring that they were, under the actual circumstances, certificates of coin, and as such already redeemable without any more legislation. As a construction, which gave effect to the known wishes of both the country and of Congress, no fault is to be found with it. Mr. Sherman is rather enti-

tled to credit for his courage and ingenuity, but he manifestly strained a point to effect a good object. The only coin certificates issued by the Government are the gold and silver certificates, and no other Government paper actually represents coin. The greenbacks promise coin, and the promise is performed and is likely to be, and the greenbacks are preferred in all quarters to either silver, or gold. B that does not make them coin certificates. OBSERVER.

THE MONETARY QUESTION.

BY EMILE DE LAVELEYE.

I am a decided believer in the bi-metallic system and I will endeavor to explain why.

If an entirely new society were to be formed and no account were taken of existing facts, I should understand preference being accorded to the mono-metallic system. It is simpler. It is more in conformity with the metric standard. It preserves from alternations in the employment of gold and silver. It is less subject to depreciation if one consider a distant future.

But in spite of all this, bi-metallism, even in the abstract, offers very great advantages.

Mr. Jevons, a monometallist, in his book on *Money*, has clearly demonstrated, by arguments and diagrams, that a money composed of two metals is less subject to sudden changes than a money exclusively of gold or silver. The metal which becomes the more plentiful takes the place of the one which has relatively increased in value and which disappears. The disappearing metal serves as a "parachute" to the value of the one coming, and this alternation considerably diminishes the variations in the value of the whole monetary stock. This was generally observed after 1850 Gold, the supply of which was suddenly quadrupled, did not seriously decline in value, because it had to fill the place of silver which was absorbed in other countries. If this increase in the supply of gold had made itself felt on a coinage exclusively composed of that metal the depreciation would have been enormous.

The phenomenon may be otherwise explained. The stability in the value of precious metals is assured by the fact that the quantity annually produced forms only one-fiftieth or sixtieth part of the entire stock. Thus, a difference in the quantity of gold or silver extracted from the mines in the course of a year would have little effect on the supply, and consequently on the value. By taking away

from one of the metals the function of money you reduce, by nearly one-half, the accumulated stock, thus you double the influence of the annual variations.

It is generally admitted that the gold of California and Australia came just at the right moment to serve as an agent to the prodigious development of commerce and industry which took place after 1850. If M. Michel Chevalier had been listened to, gold would then have been completely set aside for silver. I ask the most determined monometallist whether that would have been for the good of the world. Of course, exchanges could be effected with ten times less money than at the present time, for prices would be reduced to one-tenth. Theoretically, a superabundance of coinage is only useless. But, taking into consideration the prices established at a given moment, it is essential that money should be abundant, because both exchange and credit are thereby facilitated.

When money comes into the monetary market its first effect is to lower the rate of discount. Its second effect, when it is already in circulation, is to raise prices. *E converso*. When money becomes scarce the first effect is to raise the rate of discount; the second, to lower prices.

Read the daily reports of the English money market, and you will see these facts proved at every moment. The quantity of gold diminishes: the Bank raises its discount, and the prices of different securities fall; gold increases: there is a fall in the rate of discount, and a rise of values.

With two metals the equilibrium of the monetary market is more easily maintained than with one. For example: at the present moment England and France fear to be obliged to pay in gold for the American corn which they are expecting to import; the stock of gold is already diminished by what was sent last year. If gold goes to America the rate of discount will rise. If Europe had, in 1878, made with America the monetary treaty which the latter wished to establish, we should be able at the present moment to pay our debt to the United States either in silver or in gold; and as silver would have been in Europe standard money, the drain of gold would not have been half so much felt. With a bi-metallic coinage, banks can much more easily keep cash in hand. If exportation demands gold, the bank pays in silver; if it demands silver, it offers gold.

The advantages of bi-metallism are therefore the following: 1st. It reduces the number of sudden variations in monetary values—a most essential point, the first quality of a money being stability of value—during a brief term, that is to say, during the period that the great majority of commercial obligations last. 2. It facilitates exchanges and credit by properly maintaining the money market. 3. It gives a firmer basis to banks for regulating their cash.

But I already hear objections raised. Bi-metallism, it may be said, establishes a fixed relation between gold and silver which is quite contrary to the nature of things. The value of both gold and silver is determined by the supply and the demand, not by law. "It is a fundamental error," says M. Pirmez, "to suppose that a government can decree value."

M. Pirmez is right: no government can determine the price of things. But it can influence prices by creating demand or supply. Thus, the German Government, by endeavoring to discard silver considerably lowered its value, because it increased the supply to the rest of the world. When nickel money was first coined, the price of that metal was more than doubled. If the United States, the Latin Union, and Germany, should resume the coinage of silver, this metal would regain its former value, because the demand for it would then become considerable.

Secondly, bi-metallists are not sufficiently ignorant of political economy not to be aware that a relation in values cannot be decreed.

Bi-metallism simply declares that all debts contracted in a country can be paid by a weight in gold, or, adopting the ratio of the Latin Union, by fifteen and a-half times this weight in silver. The relative value can change and probably will. But the nature of the contract remains the same.

Each monetary debt is an alternative obligation. It may be claimed that the system offers more disadvantages than advantages—that point requires examination; but it cannot be said that it is absurd or unjust. Alternative obligations are recognized under all codes, and no creditor can complain of them since he enters into the contract under the empire of a law of which he has full cognizance, and which is maintained. But, it may be said, your pretended double standard is, in reality, only a single one. It is alternating; you will never have more than one metal at a time in circulation, and it will always be the one which is most depreciated in value.

With restricted bi-metallism this objection is well founded. All monetary history proves that when gold and silver are admitted simultaneously as payment in any country, the most sought-after metal is gradually absorbed in foreign lands. But to these objections I answer:

1. The disadvantages of alternation are not sufficient to weigh against the advantages of bi-metallism.
2. This alternation would be less and less felt as the bi-metallic league embraced more and more countries.

Let us examine these two points:

1st. The first drawback attributed to alternation is, that the vendors of metals make their profits at the cost of their country. But when I sell abroad at 20 francs iron bought

in my own country for 18 francs, do I make my profit at the cost of my nation?

A vendor of metals buys 1,000 francs worth of gold in Belgium and sells it in London with a profit of one per cent. The gold was worth, in reality, 1,010 francs, but the vendor, who has made his profit, makes it to re-enter his country for the price he gave for it. A nominal value of 1,000 francs in gold leaves the country, it is really worth 1,010 francs; true, but 1,010 francs in silver will return and the country will have lost nothing. The vendor is as much a citizen as any one else, and his profits add to the National wealth. Besides, who causes the coins we use to be struck? Is it the country?—the State? Not at all; it is speculators, vendors of metals, who have found it to their advantage. If, to-day, they found it to their advantage to melt down and export all the money they have made, they would wrong no one by so doing.

Consider also that alternation has the advantage of suppressing old worn coins and replacing them by new ones without any cost to the State or the public. It is due to the alternating system that our Napoleons are now of full weight. Had the monometallists, such as M. Michel Chevalier, been believed in, we should at the present time have been reduced to using old silver crowns.

In default of alternation, the loss resulting from use and abrasion would have to be borne by the State or the public.

But it is said that alternation entails depreciation in the material of exchange. This may be the case in the long run, but the disadvantage will not be felt, because the depreciation will be very slow, and will not, of necessity, occur at all; for it is possible that the metal which has thus entered into the circulation represents no higher monetary value than the metal previously used, and in this case there would be neither depreciation of money nor rise in prices. We must here call to mind the fact demonstrated by Mr. Jevons: bi-metallism, precisely by its alternations, diminishes the variations of monetary value.

2d. The alternations would be less and less felt as the bi-metallic league embraced more and more countries. This is a truth which M. Cernuschi has perfectly established, and which is generally admitted. M. Soetbeer, whose authority is great on this question, proves it also in a recent article which he published in the *Jahrbücher für National Oeconomic*, where he, the chief author of German monetary reform, fully recognizes the superiority of bi-metallism.

Alternation supposes a vast market where the metal enhanced in value is sold and the one diminished bought to be carried into the bi-metallic Union. Let us admit as an hypothesis, that civilized countries, England included,

should adopt between gold and silver the relation of one to $15\frac{1}{2}$. This vast Union would have a metallic circulation of about twenty billions gold (£800,000,000) and fifteen billions silver (£600,000,000). In order that the supposed alternation take place, it would be necessary that outside the Union the relation between the two metals be different. Let us suppose that it is 1 to 17. In that case it would be for my interest to buy a kilogram of gold in the Union, for which I should pay $15\frac{1}{2}$ kilos of silver, and to sell it outside of the Union for 17 kilos of silver; but for this it would be necessary that there should exist a market outside the Union, where I could sell the gold obtained by the operation. But this market would be so restricted that it could not even absorb one billion of gold (£40,000,000), for as fast as gold flowed in, banishing silver, gold, by excess of supply, would lose its value, and silver, becoming scarcer, would also become dearer; thus the relation of 1 to $15\frac{1}{2}$ would be re-established, even outside the Union, solely by the law of supply and demand.

In order that the relation of 1 to $15\frac{1}{2}$ be maintained, it would suffice that an understanding on this point be arrived at between America, France and her allies of the Latin Union, and Germany; the majority of the other States would certainly join this confederation. Indeed, it sufficed for bi-metallism to be established in France alone, to maintain during half a century this relation of 1 to $15\frac{1}{2}$.

With the state of affairs which I here suppose, the basis of the bi-metallic system would be five or six times more extended than it has been since 1873, and consequently its stability would be proportionately increased.

The Union, whatever power we may suppose it to possess, cannot, it is true, decree value; but it can create within its bounds an enormous market, thus diminishing the extent of the market beyond its bounds. Here again the law of supply and demand would maintain the normal relation and correct alternations.

Let us admit that England remains outside the Union, and that she wishes to deprive the Union of gold, which is for the moment much enhanced in value. It would be quite impossible for her to take one billion francs (£40,000,000), for she would, in doing so, augment her circulation by one-third. Prices would considerably rise—that is to say, gold would lose its value, and thus England would gain nothing, but on the contrary, would be a loser. I think we can, therefore, consider the following as satisfactorily proved: The more extensive the bi-metallic Union becomes the fewer variations there will be in the relation established between the two metals, and the fewer alternations in the circulation.

I have endeavored to point out the advantages of bi-metallism, and will now proceed to speak of the disadvantages,

or, let me say, the evils and disasters likely to accrue from monometallism. These disadvantages are so undeniable that the Conference of Paris of 1878 thought it necessary to proclaim "that it is imperative to maintain in the world the monetary function of silver as well as of gold."

M. Mees, President of the Netherlands Bank, was right when he said: "If it is pretended that a universal double standard is a Utopian scheme, I reply that a standard of gold alone is a simple impossibility." And, in reality, where would the silver be sold which they would be endeavoring to call in? As M. E. Van Elewyck very truly says, even India would refuse to accept a metal so thoroughly depreciated. Every State would forbid the coining of silver, and consequently it would be impossible to find a market for it. The example of Germany is decisive on this point. The attempt of that country to adopt a standard of gold alone produced such an immense fall in the value of silver that she was obliged to stop calling it in, and at the present time public opinion is daily getting stronger and stronger in favor of bi-metallism.

Thus the disadvantage of gold monometallism would be to inflict a considerable loss on the States which tried to adopt it. But that is a secondary point. The great evil—and, we must say it, the great iniquity—is, that it would alter the basis of all contracts and to the detriment of the debtors.

The expulsion of silver would naturally lead to a great reduction in prices, and for two reasons: First, because the metallic instrument of exchange would probably be reduced one-third. Secondly, because, as the number of exchanges is constantly increasing, gold alone would not suffice as a means of payment unless there was a considerable lowering in prices.

The production of gold has been diminishing for several years. The eminent geologist of Vienna, M. Sass, has shown in his book, *Zukunft des Goldes*, that in the future, except in very rare cases, less and less gold will be found; and he concludes therefrom that gold alone would be utterly insufficient as a universal money. No doubt the employment of instrumentalities of credit is rapidly on the increase. But each further extension of the employment of credit necessitates as a guarantee and basis a certain quantity of metallic money. The example of England proves this. During the last thirty years the liquidation by cheques at the Clearing House has doubled, and at the same time it is estimated that the metallic circulation has risen from $2\frac{1}{2}$ to $3\frac{1}{2}$ milliard francs (£100,000,000 to £140,000,000). A fall of prices would, therefore, be an inevitable consequence of monometallism, and it would be very considerable. Already many political economists are agreed in thinking that one of the causes of

the great economical crisis which has lasted since 1874 is the fall of prices, and they attribute it to the reduction in quantity of the metallic agent, silver having been demone-
tized or discontinued, and the production of gold having diminished.

A fall of prices would be productive of two equally disastrous results :

1st. It would overwhelm debtors and taxpayers.

2d. It would produce a permanent crisis by impeding the activity of commerce and industry.

Let us consider these two points :

A fall in prices means the increase of the burden of both debtors and taxpayers. In fact, to procure the requisite sum the debtor must give either more objects or more work. The nominal debt remains the same—the actual debt is increased in proportion to the lowering of prices.

I owe as interest on a mortgage 100 francs a year. If a hectoliter of coin is worth twenty francs I pay my debt by five hectoliters ; if it is only worth ten francs I am forced to give ten hectoliters. I am obliged to pay twenty francs' worth of taxes. If a day's work is worth two francs, by working ten days, for the benefit of the State, I pay what I owe it. If my day is paid only one franc, I am obliged to work twenty days. Civilized nations owe their fund holders—under the name of "National debts"—an aggregate of more than 100 billion francs (£4,000,000,000). Consider what an immensely increased burden would be imposed on the people by a measure which, diminishing the means of exchange by one-third would also add one-third to their debt, and this evil would only be aggravated as commerce and industry developed themselves and gold became scarcer.

Here a question of equity suggests itself. Has a State the right, except in cases of absolute necessity, to modify the basis of contracts, and to overwhelm debtors for the benefit of creditors? Can a more iniquitous, a more anti-democratic measure be conceived than one which should take from tax-payers the right which they have acquired and possess, to pay in either gold or silver the sum they owe to the capitalists who have lent money to the government, and which would oblige them to pay their debt in gold only, when at the same time this measure would inevitably, and greatly, heighten the value of the metal?

Not only does this deprive the debtor or tax-payer of his alternative, but it increases to an unknown, and certainly to an enormous, extent, the price of the only metal with which they can henceforth pay their debt. Think of the numerous classes who would fall victims to this iniquity ; not only all tax-payers, that is to say, to a greater or less extent, every individual, but also, and more particularly, all mortgagors, and I believe the mortgage debts in Europe

amount to about forty or fifty billion francs (£1,600,000,000 or £2,000,000,000). Add to these all farmers, who, in order to pay a fixed rent in gold, would be obliged to sell a larger quantity of provisions, as all products would have fallen in price. It is when living in the country that one sees all the suffering, all the misery, that a fall in prices occasions, and one feels indignant at the bare idea of such injustice.

2. Monometallism and the fall in prices which would be the result of it would lead to a long crisis, attacking both industry and commerce, and indeed all economical activity.

Let us compare the results, on the one hand, of an increase; on the other, of a reduction; in the volume of the precious metals. When gold is coming in fast, the cash in banks is rapidly augmented and the rate of discount falls, while prices rise. When prices rise manufacturers and tradesmen make money; they extend their business, and this all the more that they find credit cheap. From extension of business spring orders for stock, stores, machinery, and for all kinds of raw material; after this comes a demand for more hands, and consequently a rise in salaries and wages. Master and workmen earning more, require and supply themselves with more provisions, clothes, etc., and thus production is stimulated in all its forms, and prosperity is general. This linking of causes to effects is undeniable; as was clearly proved by the era of prosperity after 1851, under the influence of the afflux of gold from the placers. What happens, on the contrary, when gold becomes scarce? Cash in the bankers' hands diminishes, the rate of discount rises, and prices fall. When prices fall, manufacturers and tradesmen make little or lose. They contract their business and retrench generally. Orders are few. Salaries fall. Master and workmen consume less in every way. Production diminishes. The whole economical system seems smitten with paralysis. Is this linking of causes to effect a simple hypothesis? Not at all; it is an accurate description of the crisis which has continued since 1874. It sprang from other causes, I admit, but the reduction of metallic money in use would, in itself, suffice to occasion a similar one.

Theoretically, exchanges can be effected as easily with little as with much money, but in order to change from a system of abundant coinage to one in which coins are rare, a long series of falls in prices, that is crises, must be passed through.

Is this the end people wish to arrive at?

The European monetary system is in a most unfortunate period of transition.

We suffer all the disadvantages of monometallism without the advantages, few as they are. Gold monometallism cannot be attained without iniquity, and without passing through

most serious and long-continued crises. The only course open, therefore, is to adopt bi-metallism, and to form a union for that end of as many European States as possible, and above all, with America. In 1878, a delegation from the United States came over to Paris to invite the European States "to adopt an agreement on a fixed common relation between gold and silver in order that bi-metallic coinage should become international." The European States, without absolutely rejecting these overtures, could not decide to sign a treaty uniting themselves with America for that purpose. It is probable they will regret not having done so. Indeed, formerly, the United States imported from Europe many manufactured goods, which were paid for in raw materials and in precious metals. Now that America has increased her manufactories, they are beginning in themselves to be sufficient for her. On the other hand, she sends into Europe ever-increasing quantities of agricultural produce and of raw materials. Europe, instead of being a creditor, is becoming a debtor; so far from America now sending us her precious metals, we are obliged to send her the only metal she is willing to receive, gold, and as Europe produces none whatever, our stock will diminish, and the result will be all the disadvantages and evils which we have shown to be the consequence of the making metallic money scarce.

It is quite enough to read at the present time the English and French financial papers to see that the danger is not far distant.

Formerly, we owned a great portion of the American National debt. Now, however, the money once so invested in Europe is recrossing the Atlantic to pay our own American debts. Very soon the Americans will be purchasing European funds and then we shall have fresh remittances to make to them. Besides their cotton, their corn, their petroleum, and their meat, we shall have to pay them the interest on our public funds. We shall be, in fact, from a monetary point of view, quite subordinate to America.

If we accept the monetary arrangement which America offers us, the danger would be avoided, or at all events, greatly lessened. In that case we could pay our debt in silver or in gold. If silver was allowed to be coined everywhere it would regain its old value, strengthen the circulation and sustain prices. We should thus escape the fall in prices and all the disadvantages and evils which would inevitably follow.

A certain number of distinguished political economists, among others M. Soetbeer, say: We acknowledge the advantages of bi-metallism, but it can only exist if several great States join in the movement.

This is precisely what we must try to obtain. Germany

has stopped the sale of her silver. Bismarck is inclined to bi-metallism, as also the majority in the German Parliament is said to be. Let Germany, then, propose coming to an understanding with America, to maintain definitely the relation of 1 to 15½, as it already exists with her, at the same time allowing both metals to be coined freely; as this system already exists in France, that country could not do otherwise than join in the movement. The majority of the other European States would follow her example, for they have the greatest interest in the matter.

It is even certain that England would join the Union in behalf of India, for it would offer two great advantages to the empire. First, the value of silver being increased, the enormous losses which the depreciation of this metal entails upon the country would be at an end; and, secondly, it would be a means of introducing into India a certain circulation of gold, a result much to be desired.

Without discussing the practicability of immediate universal bi-metallism, it might still be hoped that the system would spread sufficiently to acquire a firm basis, thus avoiding the slight disadvantages of alternation.

LIEGE, Belgium, December, 1880.

EUROPEAN VIEWS OF EMIGRATION.

That the rulers of Germany deprecate emigration from that empire, and interpose every obstacle to it short of actual prohibition, is well known. There is evidence that a similar feeling exists to some extent in England. The London *Economist*, of October 18, after reciting the various advantages received by the United States from immigration, proceeds to say:

“It does not, of course, follow that all that America gains, the countries whence the emigration takes place lose; still, the fact that the emigrants represent so much potential wealth may well make us hesitate before indorsing the views of those who are at present talking so much about our excess of population, and urging emigration as the best remedy for our social and industrial ills.”

As respects Ireland, English opinion is doubtless more decided that emigration is beneficial. In the case of the West of Ireland especially, no loss of labor is apprehended from the exodus of a part of the overcrowded peasantry. There are no manufacturing industries to give them employment. In the winter they are simply idle, living either upon the scanty pittance which they may have saved from their wages as harvest laborers in England during the preceding summer, or upon such credit as they can get from traders

on the expectation of such wages for the next summer. But even in Ireland, the governing and employing classes are not over and above well affected towards emigration. In a letter from Ireland, printed in the *London Times*, of October, this adverse feeling is noticed in the following paragraph :

"The Poor Law of Ireland (section 26) already contemplates the assistance of paupers (the very class it is most desirable to get rid of) to emigrate. The provisions of this clause are, however, not acted on, for though in 1855 3,794 persons were emigrated under the Poor Law, in 1877 only 148, and in 1880 only 292 were thus assisted to leave their country. Any one acquainted with the constitution of Boards of Guardians in Ireland knows how difficult it is to persuade them to assist a pauper to emigrate. They would rather that he remained at home to depreciate the price of labor."

In Ireland, the priesthood of the prevailing sect naturally dislike an emigration which is drawn principally from their own flocks, and thus diminishes their own revenues and importance. And in both Ireland and England the political agitators as naturally dislike the exodus of those of whose claims to better treatment they find it agreeable, and perhaps profitable, to be the champions. It is not necessary, and perhaps is not just, to assume that either employers, or priests, or agitators in Ireland and England, who advise the people to stay at home, are conscious of being influenced to give such advice by selfish motives. Men easily persuade themselves that what is for their own interest is for the interest of others, or, voluntarily shut their eyes and ears to all evidence to the contrary.

Whatever influences may be exerted to prevent it, the migration from Great Britain and Ireland will continue on a great scale for an indefinite period. The emigrant, once established in a new country, attracts others to join him, and oftentimes furnishes the means which enable his relatives to join him. This last is particularly true as respects Ireland. The means in aid of emigration, sent there by Irish men and women located in the United States, far exceed any grant in aid of that purpose, which Lord Dunraven is likely to persuade Parliament to make. And it is thus true, that the more Irish there are in America, the more are likely to join them.

England has magnificent colonies, but with the exception of Canada, they are remote as compared with the United States. It is to this country that the bulk of the British and Irish emigration will direct itself, although we believe that an increasing proportion of it will be attracted to Canada, if that colony perseveres in its newly adopted policy of diversifying its industries by controlling its own markets for its own benefit.

THE BRITISH DEBT.

In looking over a recent article from the London *Standard*, which has been reprinted in many American journals, we are at a loss to decide which is the most amazing—its misinformation in respect to this country, or in respect to its own country.

Of the loans of the United States raised during the Civil War, the *Standard* says: "The first loans raised by the Government during the Civil War were contracted at a moderate rate of interest; but by and by, as the borrowing was continued, the Government had to offer $5\frac{1}{2}$ and 6 per cent. interest."

The truth is, that Mr. Chase's first loan was at an interest of $7\frac{3}{4}$ per cent., and was disposed of at a discount, even although it bore that exorbitant rate. It was the great mistake of his administration of the Treasury that he commenced it in that way. He could not have then foreseen, and indeed nobody did, upon what a career of borrowing the Government was about to enter, and of what vital importance it was that low rates should be insisted upon at the outset. Mr. Chase retrieved that error afterwards, much better than would have seemed to be possible, but it is none the less true that it was a most grievous and deplorable one.

As respects England, it may be true in a certain sense, that a majority of its people would prefer that the National debt did not exist, although even that is not true of all of them, inasmuch as the number of Englishmen who look upon a National debt as a National blessing is by no means small. But there is substantially nobody in that country who looks upon a reduction of the debt as a practicable policy, or who proposes any measures looking to such an end. Thirty years ago, when British revenues began to expand under the extraordinary impulse given to the industry and commerce of the world by the gold discoveries in California and Australia, and from that day continuously, down to the present time, the favorite British idea has been that surplus revenues should be devoted to the remission of taxes and not to the payment of the debt. Mr. Gladstone, the especial champion of that idea, has been during the whole of the thirty years past and still is, the most trusted and popular financial authority in the United Kingdom, and principally because his notions about debt and taxes harmonize with those of the public around him. All the laudation which he receives, as an embodiment of financial wisdom, rests upon no other foundation, so far as we are able to see, than his nimble

activity in taking off taxes, and his absolute indifference towards any reduction of the debt. He is now credited with revolving some scheme by which the income tax may be dispensed with, and the English people seem to be waiting with the most child-like trust for the happy moment when he shall divulge what the scheme is.

In matters of finance, he was the governing man during the first fifteen years following the gold discoveries, when there was a distinct, although not great, fall in the purchasing power of money, and when it would have been comparatively easy to have effected a sensible reduction of the British debt. That opportunity, which is not likely to come again very soon, was not embraced. Without doubt, Mr. Gladstone is more to blame for that than anyone else, but the whole British people are also to blame for it. At any rate, it cannot be truly said of them, that they "*heartily desire the reduction of the National debt,*" when Englishmen of the present generation have never lifted a finger to accomplish it, and not even when circumstances made its accomplishment especially practicable.

BRITISH BUILDING INVESTMENTS.

We gave in the October number of this magazine some statistics of the house building in London during the seven years ending December 31, 1879. The aggregate number constructed during that period was 81,787, being an addition of about one-sixth to the number previously existing. The maximum of building was attained in 1879, when the number was 21,720. These figures are obtained from the returns of the water-supply companies.

The general causes of the extraordinary movement in house building, in London and in other English cities, are well understood. It did not arise from any impetus given to the increase of population, and certainly not to any special conditions of prosperity. The period covered by these figures has been one of almost unparalleled depression. New houses were built, not because they were particularly wanted, but because labor and materials were very low in price, and also because there was a glut of unemployed capital. The favorite British system of persuading other nations to borrow British money and pay interest for it had been pushed to the point of explosion. The British railroad system did not admit of much further enlargement. For the time being, there seemed to be nothing left but to build houses, and English capital has flowed without stint in that direction.

In Scotland, during the same time, the same general causes were in operation, and in addition, certain associations, called Heritable Properties Companies, have aggravated the tendency to building which was already excessive. The *Scottish Banking Magazine*, for October, goes very largely into the details of these associations, which were land speculating companies, with building as an accessory. As speculations, they have for the most part turned out badly, and whenever that happens, criminations are not ordinarily very gentle in their phraseology. Our Scottish contemporary does not hesitate to say that through the "idiotic folly" of investors and depositors in these associations, vast sums of money have gone into the hands of "gangs of harpies," some of whom had lands to dispose of which otherwise would have "remained forever unbuilt upon." And it adds:

"Others of the gang may be builders, others plumbers, joiners and so on, to share the spoil, not omitting so important a personage as the architect and valuator, the former only conspicuous for his want of architecture, the other probably some discharged postman, semi-gravedigger, or chimney sweep. Hardly a town or hamlet has escaped the handiwork of these harpies in a greater or less degree; as for instance the village of Fisherow with its £1500 yearly rent of unlet property. The town of Leith has over £18,000, and Glasgow might appal even a stout-hearted depositor, where its unlet property may be counted, not by tenements, but something like streets, until the reckoning reaches thousands of unlet houses and shops, over-built to such an extent that a century hence may not fill them up. In Edinburgh too, it is not absent, and unless determinedly checked will soon assume alarming proportions. It is said that builders cannot stop, but the united number of the whole of them put together will only make a fraction of the multitudes of depositors and shareholders, and it is better for the community at large that a few men should stop building, than that ruin and beggary should enter into a thousand households."

POPULATION OF GERMANY.

The census of the German Empire will be made on the 1st of December this year. The last was in 1875, and the one before was in 1871; previously, up to 1867, a census was taken every three years in the Zollverein. The population of the countries now constituting the German Empire, was, in 1816, 24,831,396; in 1875 it had grown to 42,727,360. The number arrived at by the census of this year will probably be something like 45,300,000. The annual rate of increase of population during this century may be roundly estimated at one per cent., more exactly 0.9 per cent.

CURRENT EVENTS AND COMMENTS.

RAILROAD RECEIPTS AND FOREIGN EXPORTS.

Among the facts stated in the annual report of Mr. Nimmo, Chief of the Bureau of Statistics, are the following: The gross earnings of railroads of the United States for the years mentioned are shown to have been as follows:

In 1851, \$39,456,358; in 1861, \$130,000,000; in 1871, \$403,329,208; in 1879, \$529,012,999.

This increase in the gross earnings has taken place notwithstanding a constant and very large decrease in the average rates of transportation.

The five leading articles of export during the year ended June 30, 1880, were as follows; Bread and breadstuffs, \$288,036,835; cotton, unmanufactured, \$211,535,905; provisions, \$127,043,242; mineral oils, \$36,218,625; tobacco, and manufactures of, \$18,442,273. "The United States," he says, "already surpasses every other country in the magnitude of its exports, both of breadstuffs and provisions, and it is maintained that the market for American breadstuffs and provisions in Europe can be still further extended."

Tables are presented showing that of the following commodities imported into the United Kingdom the percentage imported from the United States was as follows: Wheat, 68 per cent.; Indian corn, 90 per cent.; live animals, 44 per cent.; beef, salted, 99 per cent.; beef, fresh or slightly salted, 98 per cent.; butter, 12 per cent.; cheese, 64½ per cent.; bacon, 84 per cent.; hams, 98 per cent.; lard, 96 per cent.; meat, preserved otherwise than salted, 72 per cent., and pork, salted, 87 per cent.

COAL LANDS OF THE READING RAILROAD.

In his report on these lands, Engineer Harris says: "The company's estate contains 160,566 acres, of which 69,417 acres probably contain no workable coal; 46,627 acres contain only the coals underlying the mammoth seam; 26,253 acres contain mammoth and underlying seams, 18,269 acres contain, with seams last named, the overlying white ash and the red ash seams. The company's interest in the estate is estimated at \$30,630,648, of which \$29,603,041 is the value of the coal, \$861,426 the value of timber, \$166,181 value of surface. This estimate includes the colliery improvements on the lands owned and on those controlled by the company. He also concludes, as a general result, that the estate includes nearly 30 per cent. of all the anthracite lands in Pennsylvania, and that it can send to market nearly 34 per cent. of all the future product of anthracite of that State, while, judging from the history of the coal trade, the annual production of the estate, which may be taken at 4,300,000 tons at present, will go on increasing till, in fifty years, it will reach its maximum at about 13,360,000 tons. After remaining at that figure for about twenty or thirty years it will begin to decline, but the estate will not be wholly exhausted at the end of the next century

VALUE OF COTTON SEED.

On this subject, the New Orleans *Democrat* takes the following cheerful view: "The average yield of a ton of seed is 35 gallons of crude oil, at 30 cents per gallon; 22 pounds of cotton, at 8 cents; and 750 pounds of cake, at \$20 a ton, making a total of \$19.46. The region tributary to New Orleans raises each season nearly a million tons of seed. If but half of this be consumed by the oil mills, allowing the other half for seed, wastage, etc., this will leave enough to give employment to 8,000 hands, and to turn out \$12,000,000 of products, to produce 25,000 bales of cotton now wholly lost, and 35,000,000 gallons of oil—enough to supply the whole world with fine vegetable table oil. The very refuse, 180,000 tons of cake, will supply the region tributary to this city with all the meat it wants, and the soap stock left behind with an ample supply of soap. Such is the picture of what New Orleans might do, while for the whole South the product would be more than three times as great.

PACIFIC COAST COTTON.

A new cotton belt has been discovered in Southeastern California. At least 1,000 acres of cotton were planted in six of the counties, through the centre of which the Southern Pacific Railway runs, and now the crop is garnered. Inspection by competent judges rates its quality as equal in every respect to the best grades of South Carolina and Georgia cotton, but not equal to Sea Island long staple. The expansion of woolen factories in San Francisco, and the increased intermixture of cotton, have given an impetus to cotton planting, formerly discouraged by want of a home market. Among others, several enterprising millionaires, satisfied now that there is money in cotton here, even beyond other products of the soil, will go into its culture extensively and into the erection of mills as fast as the raw material warrants. Three hundred miles may now be added to the length of the cotton belt of commerce, and there is a probable extension in Arizona. Last year some experienced planters from the South Atlantic States, searching for cotton lands, took a fancy to Salt River Valley in Northeastern Arizona, where they at once put in seed. The result was so satisfactory that this year they have a respectable crop baled and awaiting the opening of the thirty-second parallel trans-continental railway in January next. The product per acre astonishes them, and so does the quality. Salt River Valley is thirty miles long and several miles broad and well watered. There are many fertile valleys equally adapted to cotton among the mountains north of the Gila and on the north side of the Southern Overland Railway.

WASHINGTON CITY.

The New York *Stockholder* says: "Washington, the Capital of the Nation, growing to be one of the most beautiful cities in the world, has 120 miles of shade trees along its streets and public places, comprising over fifty thousand trees, of twenty-two different varieties. In fact all the streets, except the few devoted exclusively to business purposes, are lined with young vigorous trees. No other city in the world has anything to compare with them on the streets. Of pavements, there are of asphaltum and concrete (coal and tar) 40 miles; stone block, 14; rough stone, 18; MacAdam, 7; gravel, 31; wood, 22, leaving streets and avenues unimproved, including thirty miles of graveled streets, 95 miles. Total carriage way in the city 230 miles.

MANUFACTURE AND EXPORT OF SMALL ARMS.

The San Francisco *Commercial Herald* says: "The census of 1870 valued the product of small arms at \$5,582,258; cost of materials was \$1,100,999, and wages paid were \$2,490,774; capital, \$4,016,902; hands employed, 3,297. This is, doubtless, an undervaluation, for the export of that year amounted to \$5,015,732. Of the stated value, Connecticut produced 40 per cent. or \$2,222,873 in eight factories; New York, \$1,890,957 in eleven; Massachusetts, \$865,481 in twelve; and Rhode Island, \$298,017 in one factory. From 1870 to 1880 inclusive the value exported has been \$44,024,777, the yearly export having varied between \$13,463,916 in 1871, and \$1,037,117 in 1872, according to the peace or war of Europe. Turkey has been our largest customer, and England next. The largest single purchase was by France in 1871, when \$8,547,411 were paid us for fire arms. Greece also has made heavy purchases.

SOUTHERN RESOURCES.

The U. S. *Economist* says: "What has been accomplished west of the Mississippi in the last twenty years can be successfully repeated in the South. Already capitalists are turning their attention to this section. They find a climate favorable to health, outdoor labor, sheep husbandry and cattle herding; a soil rich and fertile, adapted for the growth of grains, fruits and vegetables; a country abounding in valuable mineral deposits and well timbered. Its water privileges are great, not only for transportation, but if utilized could set machinery and spindles enough in motion to largely supply the markets of the world with cotton and woolen fabrics. In the Southern States are grown the great staples of cotton, rice and sugar as well as tobacco. The cotton crop alone is worth annually \$300,000,000. The annual returns from sugar, rice and tobacco in aggregate exceed this vast sum. In addition there are the yearly products from fruits, grains, wool and cattle, which yield large revenues, and in addition the avails from mines and timber, which are considerable."

THE JETTY SYSTEM,

In a book entitled *A History of the Jetties at the Mouth of the Mississippi River*, by E. C. Corthell, there is given the following table of the improvements of European rivers by jetties:

Name of River.	Country.	Original depth. Feet.	Present depth. Feet.	Name of River.	Country.	Original depth. Feet.	Present depth. Feet.
Danube..	Roumania.	7 to 11	20	Niemen..	Prussia....	10	24
Maas....	Holland...	10	18	Siban....	Russia....	6	16
Vistula ..	Prussia....	7	10	Dvina...	Russia....	6	18
Trave ...	Prussia....	7	18	Windova	Russia....	4	9
Oder	Prussia....	7	24	Pernean..	Sweden....	6	12
Warne ...	Prussia....	6	13	Nisse....	Sweden....	5	12
Persante.	Prussia....	4	15	Koune....	Sweden....	6	10
Wipper..	Prussia....	4	13	Altra....	Sweden....	6	9
Prezel....	Prussia....	12	20	Grenna..	Denmark..	5	13
Stelpe....	Prussia....	4	14				

THE CANADIAN PACIFIC RAILWAY.

The Pacific Railway contract was laid before the House of Parliament on December 10th. It is signed by Messrs. George Stephen, Duncan McIntyre, John J. Kennedy, R. B. Angus, Morton, Rose & Co., Kohn, Keinach & Co., and James J. Held, on behalf of the syndicate, and by Sir Charles Tupper for the Government. The Union Pacific Railway as originally constructed is to be the standard for construction. The contractors are required to deposit \$1,000,000 cash for its equipment, or approved securities, as a guarantee. The portion of the road from Winnipeg to the base of the Rocky Mountains is to be completed by June, 1885, and the whole line from Lake Superior to the Pacific by May, 1891. The Government will complete the portions of the road now under contract, and turn them over to the syndicate, together with \$25,000,000 and 25,000,000 acres of land. The money and land are to be transferred in parcels as fast as each twenty miles is completed. The land will be alternate blocks of sixty acres each, extending back twenty-four miles, and selected entirely from the fertile belt. The road, its equipments and unsold land, are to be free from all kinds of taxation for twenty-five years. The capital of the company is fixed at \$25,000,000 divided into shares of \$100 each, and the directors will be empowered to bond the road for \$10,000 per mile.

DIVIDENDS OF GERMAN BANKS.

The correspondence of the London *Economist* gives the following statistics in regard to the dividends paid by German banks in 1879. Among the discounting banks (not including the note and mortgage banks) thirty-four institutions with capitals not exceeding 10,000,000 marks each, paid an average dividend of 5.9 per cent. on a share capital amounting to 144,000,000 marks. Ten banks with capital varying from ten to fifteen million marks each, paid an average dividend of 6.4 per cent. on a total capital of 115,700,000 marks. Ten banks with a capital of over 15,000,000 marks each, paid 7.6 per cent. on a total capital of 322,500,000 marks. Four banks with a total capital of 47,000,000 marks, paid no dividend whatever. Four stockbrokers' banks, with a combined capital of 6,900,000 marks, paid an average dividend of 14.4 per cent. The Berlin Disconto-gesellschaft paid ten per cent. on 60,000,000 marks of capital, and the Berlin Cassenverein, which does all the clearing business for Berlin, paid 8.9 per cent. on 3,000,000 marks. These sixty-four banks, with a united capital of 699,100,000 marks, paid an average dividend of 6.8 per cent. Twenty-six mortgage banks with a total capital of 194,200,000 marks, paid an average dividend of 5.6 per cent. The seventeen note-issuing banks, with a combined capital of 148,300,000 marks, paid on an average 5.3 per cent. in dividends. The average dividend of all the 107 banks of Germany, with a capital of 1,041,600,000 marks (\$247,900,800), was 6.4 per cent. At the end of the year (September 30) the note-issuing banks had increased their circulation 130,000,000 marks, of which sum, 120,000,000 were not covered by gold.

BANKING IN SWITZERLAND.

The plebiscitum in Switzerland on the proposed revision of the constitution to abolish the liberty of banks of issue and create a State bank, with a monopoly of issuing paper money, in their place, occurred October 31, and resulted in the defeat of the proposed amendment.

THE CITY OF GLASGOW BANK.

The second report of the trustees of the Glasgow Bank shows a much more hopeful condition of its affairs than had been anticipated. The total dividends so far paid amount to seventeen shillings on the pound sterling of its indebtedness. It is also stated that, after the payment of the remaining three shillings on the pound, there will remain a surplus of not less than £ 300,000 for division among the shareholders upon whom calls were made. It is believed this sum will be utilized by investment, instead of being returned in money to the shareholders.

COTTON RAISING IN INDIA.

The *Pall Mall Gazette* says: "Complaints are being made in India that the subject of cotton cultivation does not receive at the hands of the Government the attention which it deserves. Both the acreage under cultivation and the yield per acre have been steadily decreasing for some years past, and there are not wanting those who assert that unless something is done the cultivation of cotton in India will be totally extinguished. For example: whereas the area under cultivation in 1875 was 11,547,809 acres, it has sunk in 1878 to 8,876,627 acres. Again, while the out-turn per acre was as high as 111 lbs. in 1875—a figure still far below the American average—it had fallen in 1878 to 65 lbs.; this decrease of eighteen per cent. in production being accompanied by a decline of fifteen per cent. in price."

A LONG-LIVED ANNUITANT.

The *London Times* has the following: "By the death of Elizabeth Mary, Dowager Viscountess Gort, the city of Rochester saves £ 425 per annum under somewhat singular circumstances. In 1818 the Corporation of Rochester borrowed £ 5,000 of Lady Gort's father, a Mr. Jones, the repayment of which, it was arranged, should be in the shape of an annuity to Mr. Jones, and after his death to his daughter, should she survive him. Owing, it is said, to medical certificates representing that the daughter was in anything but robust health, the corporation made the annuity £ 425. Mr. Jones' daughter not only survived him, but had reached to the ripe age of eighty-nine when she died. Thus for sixty-two years the ratepayers of Rochester have been paying this annual charge of £ 425, so that for the £ 5,000 originally received £ 26,350 have been paid."

THE LARGEST ISLAND.

It has hitherto been the custom of geographers to give the palm to Borneo as the largest island in the world, but this is decidedly an error. A careful estimate, founded on the most recent maps, shows that New Guinea is considerably the larger, and must for the future be accorded the first place. In shape, this island differs greatly from Borneo, being irregular, and much extended in a north-northwest and south-southeast direction, so that its greatest length is little short of 1,500 miles—a distance as great as the whole width of Australia from Adelaide to Port Darwin, or of Europe from London to Constantinople. Its greatest width is 410 miles; and, omitting the great peninsulas which form its two extremities, the central mass is about 700 miles long, with an average width of 320 miles.

HORSE-FLESH EATING IN FRANCE.

Some interesting statistics have been published by the society for promoting the use of horse flesh, and the flesh of asses and mules, as food, showing how steadily the consumption of these articles of diet has been increasing in Paris and the provinces since the foundation of the society in 1866. The weight has increased from 171,300 lbs. in 1866 to 1,982,620 lbs. in 1879. In the principal cities of the provinces the consumption of horse flesh may be considered to have fairly taken root. At Marseilles, in 1870, there were 599 horses eaten; 1,031 in 1875, and 1,533 in 1878. At Nancy, 165 in 1873, over 350 in 1876, and 705 in 1878; at Rheims, 291 in 1874, 423 in 1876, and 384 in 1878; at Lyons, 1,839 in 1873, and 1,313 in 1875. In both the latter cases some difficulties had been thrown in the way by the town authorities, as was the case lately at Chalons-sur-Marne, where the Mayor fixed the price of the horse flesh at a higher rate than that of beef. The average price of horse meat per pound is from twenty-five to thirty centimes, which is equal to from five to six cents American currency. Each horse furnishes about 200 kilogrammes (4 cwt.) of meat, which is capable of being prepared in many ways, such as *pot-au-feu*, boiled, roast, hashed, haricot, jugged, fillet, etc.

DECLIVITY OF RIVERS.

A very slight declivity suffices to give the running motion to water. Three inches per mile in a smooth, straight channel gives a velocity of about three miles an hour. The Ganges, which gathers the waters of the Himalaya mountains, the loftiest in the world, is, at one hundred and eighty miles from its mouth, only three hundred feet above the level of the sea, and to fall these three hundred feet in the long course the water requires more than a month. The great river Magdalena, in South America, running for 1,000 miles between two ridges of the Andes, falls only one hundred feet in all that distance; above the commencement of the one thousand miles it is seen descending in rapids and cataracts from the mountains. The gigantic Rio de la Plata has so gentle a descent to the ocean that, in Paraguay, one thousand five hundred miles from its mouth, large ships are seen which have sailed against the current all the way by the force of the wind alone—that is to say, which on the beautiful inclined plane of the stream, have been gradually lifted by the soft wind, and even against the current, to an elevation greater than that of our loftiest spires.

JEWISH LONGEVITY.

The London *Insurance Record* says: "Dr. S. Gibbon, medical officer of health for the Holborn district, in his report for the past year, states that whatever may be the cause, there is no doubt but that a Jew's life in London is, on the average, worth twice as many years as a Christian's. The Hebrews of the metropolis are notoriously exempt from tubercular and scrofula taint. It is very rare that one meets with pulmonary consumption amongst them. The medical officer of one of their large schools has remarked that their children do not die in anything like the same ratio as Gentile children, and in the district of Whitechapel, the medical officer of health has reported that on the north side of the High street, occupied by the Jews, the average death rate is twenty per thousand, whilst on the south side, occupied by English and Irish, it is forty-three per thousand."

THE GOVERNMENT AND THE BANKING INTEREST.

To the Editor of the BANKER'S MAGAZINE :

The fairness of the BANKER'S MAGAZINE between the conflicting interests of the different banking systems is commendable, as are its general soundness and conservatism; but sometimes, like all other human agencies, it errs.

You advocate postal Savings banks "as long as it [the Federal Government] continues to be a borrower and debtor." What assurance can you give that when the Government is no longer "a borrower and a debtor" it will close up its banking offices and send its dealers back to the private citizens who now, as corporations, do that business?

On what ground do you propose for the Government to go into banking instead of running "a drug store and a wine cellar," as Hamburg did in Adam Smith's day? Or monopolizing the manufacture of sealing-wax, like Austria?

Your Eastern professors and journalists have lately written a good deal about "communism," and your millionaires are said to be uneasy about it. It is strange to me that you cannot see that you yourselves are the only practicers of communism in the country, when you continue to throw branch after branch of private business into the hands of the Federal Government. There is a *tiers état* in this country that will one day grow tired of this select communism for the benefit of a party and certain classes in it, and will join the "reds" so that it may have something to say about the management of this commune that you Eastern men of the Hamiltonian school are persistently forcing us into.

If men are to have the use of the public credit gratis for purposes of circulation because they own bonds, you are in danger of being compelled to issue it for the same purpose to others because they own farms, before you are done with them.

I am aware that the East trusts in the *ultima ratio regum*: so does Russia. A strict observance of an old and forgotten instrument written by James Madison, is a better reliance.

Respectfully,
GEO. WILSON,
President Lafayette Co. Bank.

LEXINGTON, Mo., Dec. 8, 1880.

[Our correspondent raises a good many questions, within a very short compass, and, as usual with him, puts his points sharply. The acceptance by the Government of money on deposit, to be applied to the payment of already existing debts, would be no ground for continuing to receive such deposits after existing debts are finally discharged. It might as well be said that the Government should not borrow on new bonds in order to take up the fives and sixes of 1881, lest it might be a precedent for issuing new bonds after all debts had been gotten rid of. As to the idea that if Government bonds are accepted as security for circulating notes, farms ought also to be accepted, the answer is ready. Bonds are a proper security because cash is realizable upon them at any time without sacrifice, which is not true of farms.—ED. B. M.]

COMPTROLLER KNOX'S ADDRESS AT BOSTON.

We give below portions of the very able and interesting address delivered by Comptroller Knox in Boston, on the 27th of November. The portions which we omit are chiefly upon the topics discussed in the Comptroller's annual report, which appeared in our last number. Indeed, Mr. Knox stated, in commencing his address at Boston, that it would consist to some extent of the financial views and exhibits which he had prepared for an official report.

The Comptroller shows that the fundamental idea upon which our present National banking system rests, that of basing the note circulation upon the guarantee of National securities, was suggested by Alexander Hamilton, at the very commencement of the Government of the United States under the present Constitution. He also shows that it was afterwards advanced at various times, notably in 1815, and by Albert Gallatin in 1831, Mr. Gallatin's only objection to it being that the then existing securities of the United States were likely soon to disappear by being paid off.

In the light of the admitted success of our present system, as it was established in 1863 and 1864, it is at first a little difficult to realize that it could have encountered at the outset the doubts, misgivings and opposition which are described in the clear and careful narration of the Comptroller. But in this case, all is well that ends well. To the exertions of Messrs. Chase, Sherman, Spaulding, Hooper and their coadjutors, and to the good fortune of the Republic, we owe the happy result, which has been to evolve from the disasters and exigencies of the Civil War a system of banking, which, however admirable in itself, could not probably ever have prevailed under any other circumstances over the influences opposed to it.

On the evening of Saturday, November 27, the dinner of the Boston Merchants' Association took place. The occasion was rendered one of special interest by the presence of the Hon. John Jay Knox, Comptroller of the Currency, who had come from Washington by invitation of the association, to deliver an address before it on the National banking system. The members, therefore, assembled in unusual numbers, nearly one hundred and fifty of them being present, and there was also a large number of invited guests. Among them were the Hon. George C. Richardson, Mr. M. P. Kennard, Assistant Treasurer; Collector Beard, the Hon. Daniel Needham, John Hainmar-Slough, of New York; Mr. Charles O. Billings, Bank Commissioner; Mr. E. H. Haskell, and the following Presidents of National banks of that city: Messrs. Asa P. Potter, F. C. Sherman, Charles B. Hall, Charles Guild, W. W. Kimball, T. P. Beal, William H. Goodwin, D. R. Whitney, Isaac Pratt, Jr., Seth Turner, C. H. Warner, James Adams, Geo. S. Bullen, Oliver Ditson, Henry A. Rice, R. S. Covel, William P. Hunt, S. S. Blanchard, S. F. Williams and C. J. Bishop. Among the members of the Club present were Messrs. Ezra Farnsworth, Isaac Fenno, David G. Webster, Weston Lewis, Charles Whitten, William B. Ward, Cyrus Wakefield, George O. Carpenter, Leopold Morse, Daniel W. Taft, Jacob Edwards, George A. Miner, N. W. Farley, Mr. Jackson, of Jackson, Mandell and Daniel; C. B. Case and Moses W. Richardson. A reception was given by Mr. Knox, in one of the parlors, between half-past five and half-past six, and the company then proceeded to the dining hall. The dinner gave perfect satisfaction. The Germania orchestra furnished music. At the conclusion of the dinner, Mr. John A. Ordway, President of the Asso-

ciation, called the company to order, and, after a brief speech, in which he said the association now had two hundred and twelve of the leading firms of the city represented on its list of members, and gave an interesting sketch of the banking system of twenty-five years ago, presented Mr. Knox. He was listened to with close attention and frequently applauded.

At the conclusion of the address, Mr. Charles B. Hall, President of the Boston National Bank, was introduced. He said that he considered the National banking system the best system in the world on which to base a paper circulation, and that we want such legislation as will continue it. Some of the disadvantages which, he claimed, have made banking very poor business during the past five years were alluded to, and a decrease of taxation was urged. Mr. Hall claimed that the tax on deposits is very unjust, because it is a tax on a debt payable on demand. No other country that he knew of taxed a debt for purposes of revenue. The requirement of a reserve in New York he also thought a disadvantage. If the present laws continue, he predicted a majority of the National banks will have to surrender their charters. Mr. Hall further explained that the taxes now imposed on National banks are no longer needed for revenue.

The Hon. George C. Richardson was then called on. He spoke in an interesting manner of some of his business experiences. The great contrasts between banking now and in the early days of the Union Bank, just after the Revolution, were alluded to. At one time Secretary Hamilton wanted a loan of \$80,000 from each of three banks, and wrote that his course in funding the National debt would depend upon the answers to these proposals for a total loan of only \$240,000! Mr. Richardson spoke of the days when he sent goods to Illinois by way of New Orleans, for which four months' time was necessary. Then, realizing on one's currency was as much of a job as negotiating a loan is now. The silver question was alluded to as the most important now before the business community, and Congress was advised that it could be in no better business this winter than attending to it. A curious incident was related of a vote of the Union Bank to loan Governor John Hancock any sum he might wish, not exceeding \$2,000, for any time he might wish, not exceeding sixty days. This showed the great changes in business conditions. At the close of the speaking, thanks were returned to Comptroller Knox for coming from Washington expressly to make his address.

ADDRESS OF COMPTROLLER KNOX.

Your cordial invitation reached me when I was busily engaged in studies and investigations, the result of which it is my duty annually to present to Congress, but I could not resist the opportunity for the first time to address an audience composed of the business men of Boston; and it is proper at this point to say that a considerable portion of my address will consist of the work upon which I was then engaged.

There are many people who claim to have originated the National banking system, and the Secretary of the Treasury, as well as myself, frequently receive letters from persons who believe themselves entitled to consideration on that account, and one or two have printed pamphlets to prove the validity of their claims. If I were asked who first suggested the National banking system, I should answer, unhesitatingly, ALEXANDER HAMILTON; for it was Hamilton who, before he was appointed Secretary of the Treasury, on being asked by Washington, "What is to be done with our terrible debt?" answered: "Bank on it; it is our available capital, and the best in the world." If any gentleman here is interested in this subject, let him apply to some one of the well-filled libraries for which Boston is noted, and obtain the volume of *Analectic Magazine*, for 1815, which was published in Philadelphia during that year. On page 489 of the December number of that year he will find an article signed "W.," entitled "Banks and Paper Currency." The article is a sprightly review of an essay also published in Philadelphia, entitled "The History of a Little Frenchman and His Bank Notes—Rags, Rags, Rags." The story of the Little Frenchman, according to the reviewer, was something like this: He arrived in Savannah, Ga., from Cuba, with a portmonnaie filled with

gold, and traveled northward through that State and the States of North Carolina, Virginia, Maryland, Delaware, and New Jersey, to Boston, by stage—a journey employing about four weeks' time, including tarries by the way. At nearly every tavern at which he stopped for meals or lodging he paid gold, and received in exchange for the remainder not gold, but the paper currency of that particular locality. This consisted of the promises to pay, sometimes of the local banks, chartered by the States, but more generally the promises to pay (afterwards designated as "shin-plasters") of the tavern-keepers and store-keepers along the route. Having arrived in Boston with his large portemonnaie much lighter, but greatly expanded by the paper currency of the country, he was advised to seek a dealer in uncurrent money and dispose of its contents. He found the contents chiefly worthless, and, upon asking what he was to do with this currency, was advised that the only recourse was to travel homeward by the same route, taking care to stop at the same taverns, and thus obtain the worth of his money. The Frenchman followed the advice, in part, at least, for, on his arrival in Philadelphia, either himself or some one else published the pamphlet referred to, which contained an account of his grievances. If any New England bookworm shall chance to find this pamphlet, he or she will do me a great favor by informing me of it, for I have no doubt it contains a more accurate account of the kind of currency then in circulation, than any publication extant.*

The magazine writer to whom I have referred, and whose article was a review of the pamphlet of the Frenchman, proposed that the public funds should serve, in the absence of specie, as the basis and support and limit of a paper currency. The proposition was "that the banks be obliged, until they can resume specie payments, to pay their notes in sums not less than \$100, in United States six-per-cent. stock at par; or, if the stock bore a less rate of interest, at the price of that stock in the market." It was claimed that this would be a certain check against the immoderate issue of paper money. Most of the banks, it was urged, held considerable amounts of such funds, purchased at a low price, and could realize a profit by using it in payment of their debts. If the proposed convertibility were authorized, their notes, then so much depreciated, would at once appreciate in value. The six-per-cent. stock at par was proposed as a standard by which to fix the minimum value of bank notes, such notes being convertible, at the option of the holders, into stock at its market price, so that \$100 of the notes might be better, but not better than \$100 of six-per-cent. stock.

It was also proposed that a National bank should be established, with the obligation, under a heavy specific penalty, of paying its notes and debts of every kind in cash or in funded stock.

The State banks would be compelled to adopt a similar system, or, what would amount to the same thing, to pay their notes with the notes of this National institution. The success of the plan would not be doubtful if Congress could be persuaded to provide for the payment of the interest of the National debt in specie. Nothing but necessity can excuse the payment of the National creditors with depreciated money. During the war that necessity existed, but it exists no longer. To provide the means for the payment of the interest on the public debt, it was proposed that the duties upon imports be receivable in coin only. The payment of the interest of the public debt in specie, combined with the assurance of the National good will, security and resources, would soon impart to the whole capital a specie value; that capital would then become a solid foundation for a paper currency—a standard to measure it and keep it steady—inferior only to specie itself. With such a support we know not whether such a currency might not be permanently adopted as an improvement in political economy. There would be no danger of an over-issue, for no man of ordinary prudence will retain, in his possession, paper money for which he has not good use, when he can immediately convert that money

* The *Boston Advertiser*, of December 3, 1880, states that this pamphlet, which is not in the Congressional Library, has been found in the Boston Public Library, and is included in a volume of *Tracts*, No. 22, which forms a part of the Barton Library, and though it contains the adventures of the little Frenchman, it is an argument against the trashy paper money of that day.

into "well-secured, readily salable stock, yielding an annual interest, paid in specie." Such a plan, it was contended, would be likely to result in establishing a uniform currency. It would create an additional demand for the public funds, and increase their value. The banks would be obliged to invest their capital in National stock to answer the demands of their creditors, and it would, of course, be for their interest to keep up its price, by which means public and private credit would be indissolubly linked together, and a new moral bond acquired to strengthen the Union. The various currencies, as they now exist, are not congenial, but rather adverse to the union of the States. Were they separated, each bank might, nevertheless, preserve a certain credit, but on the proposed plan a separation would ruin them all; and this fact affords an additional argument for the issue of a currency which would habituate the people to regard the faith of their Federal Government as the standard of value; which would facilitate loans should a war for the maintenance of our rights become unavoidable; which would identify every man's fortune, as well as his freedom, with the general security.

Albert Gallatin, also, in the year 1831, proposed a plan similar to our present system, in his celebrated essay of that year. A sum, usually somewhat exceeding the capital of the Bank of England, is permanently loaned by that institution to the Government, and these funds are held, in the language of Gallatin, as the best security to the holders of its notes, and to depositors. In discussing the propriety and practicability of incorporating a similar provision into the banking system of the United States, Mr. Gallatin found the only objection to lie in the fact that, while in England the large amount of the public debt, as compared with the capital of the banks, enabled the latter to use such debt as a security for their circulating notes, in the United States the banking capital of the country was necessarily so much larger than the entire amount of all other public stocks that such a measure was impracticable.

At the date of Mr. Gallatin's essay the debt of the Government was in process of rapid reduction, and, within the next four years, was entirely extinguished, while the banking capital was largely above \$200,000,000, and rapidly growing with the increasing commerce of the country. Under these circumstances he suggested a resort to mortgages on real estate for want of public stock, which plan, however, he found liable to the objection that the accommodations which the banks could, in that case, afford to individuals might be too much curtailed, and he concludes that, "if these objections can be removed, the plan proposed would give to the banking system of the United States a solidity and inspire a confidence which it cannot otherwise possess."

The original National Bank Act of Feb. 25, 1863, did not pass Congress without encountering great opposition. Secretary Chase first suggested the preparation of the bill, and it was largely through his influence that it finally became a law. He recommended its passage in his report to Congress in December, 1861, and briefly but clearly stated the outlines of the system. He favored the gradual issue of National bank notes to replace the existing State bank currency, in preference even to the issue of demand notes of the Government payable in coin. The National Bank was Act prepared, in accordance with his views, chiefly by E. G. Spaulding, of New York, and Samuel Hooper, of Massachusetts, who were members of the Committee of Ways and Means, and, during the month of December, 1861, it was printed for the use of that committee, and by favor of the first-named gentleman I have a copy of it in my possession. The bill encountered most earnest opposition in the committee, which was busily engaged on the loan and internal revenues bills and other important work of the session, and it was finally laid aside by the committee. In his report for 1862, Secretary Chase again, notwithstanding the suspension of specie payments which had taken place, earnestly advocated the measure. He presented in a masterly manner, and at considerable length, the arguments for and against the system, and urgently renewed his previous recommendation for its passage. He said among the advantages which would arise from its passage would be "that the United States bonds 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 funds of equal credit, but not available to banking associations. 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." The bill is said to have had the sanction of every member of the administration, and President Lincoln earnestly advocated its passage in his annual message in 1862, and in 1863 he said: "The enactment by Congress of a National banking law has proved a valuable support of the public credit, and the general legislation in relation to loans has fully answered the expectations of its favorers. Some amendments may be required to perfect existing laws, but no change in their principles or general scope is believed to be needed." Again, in 1864, he favored the taxation of the issues of State banks and the substitution of National bank notes therefor.

About fourteen months thereafter the same bill, which had been printed for the use of the Committee of Ways and Means, was introduced into the Senate by Senator Sherman, and referred to the Finance Committee, from which it was reported by him on February 2, 1863, with amendments. Ten days later it passed that body by a vote of twenty-three to twenty-one, and on the 20th of the same month it also passed the House of Representatives by a vote of seventy-eight to sixty-four. A majority of the Finance Committee of the Senate was opposed to the bill. The eminent Senator Collamer, of Vermont, opposed it with great earnestness, and one of the most hospitable, genial and popular senators from the West told me that he was opposed to the bill, but was persuaded by Secretary Chase to vote in committee in favor of its report. "If it should turn out to be a good measure," he said, "it will be well; if not, my vote will stand recorded against it on its final passage." Senator Collamer, in his speech in the Senate, Feb. 11, 1863, said: "It will be found that the people will not break up their present system of banking, interwoven as it is with all their transactions, bound up as their business life is with it, to establish banks under this bill, and they will never buy United States stocks for this purpose." One of his reasons for opposing the bill was that the schools of some of the New England States were supported by the tax fund collected from the existing State banks. Senator Harris of New York, who afterward voted for the bill, proposed an amendment, Feb. 9, 1863, authorizing State banks to receive circulation under State charters, and said: "The banks in the State of New York can, I believe, be induced, without surrendering their charters as State-banking associations, to take out circulation under the provisions of this bill, but I do not suppose that a single banking institution in the State of New York would ever be induced to surrender the privileges it derives under the State law, and become an association organized under the provisions of this act."

Senator Sherman managed the bill in the Senate with his usual well-known ability and tact.

On Feb. 10, he summed up the whole question when he said: "We have but four expedients from which to choose: First, to repeal the Sub-Treasury Act, and use the paper of local banks as currency; secondly, to increase the issue largely of United States notes; thirdly, to organize a system of National banks; and, fourthly, to sell the bonds of the United States in open market." Among those who voted in its favor on its final passage in the Senate were Chandler and Howard of Michigan, Sherman and Wade of Ohio, Wilmot of Pennsylvania, with Morrill of Maine, and six other New England senators, among whom was Fessenden, who was Chairman of the Finance Committee of the Senate, and also Sumner and Wilson, *par nobis frustrum*. Three senators only from the Middle States voted in its favor (Harris, Ten Eyck and Wilmot). The two senators from Vermont (Collamer and Foote) voted against it, and one from Connecticut (Dixon), and seven from the Middle States, among whom were Cowan of Pennsylvania and King of New York. In the passage of the act in the House, some of the most eminent of the representatives from New England and New York, now distinguished members of the Senate, voted against it. The bill was thoroughly

revised, discussed and re-passed a little more than one year afterward (June 3, 1864), all of the Senators from New England then voting in its favor, including Collamer and Foote from Vermont, and all of the senators from the Middle States who were present, except the senators from Pennsylvania and from Delaware. It received the support and vote also of many senators from the West, among whom were Sherman, Ramsey, Lane of Indiana, Doolittle and Trumbull, the latter having previously voted against it.*

In the House it received the votes generally of the Republican members from New England and New York, including such names as Blaine, Morrill of Vermont, Daves and Boutwell of Massachusetts, Stevens of Pennsylvania, Windom of Minnesota, Allison of Iowa, and last, but not least, also the vote of a young man who had just left the army, with a brilliant record, to enter upon his duties as a representative—James A. Garfield, who was subsequently Chairman of the Bank and Currency Committee of the House and always a staunch friend of the National banking system.

It was not surprising that the bill should encounter opposition from senators and representatives from New England and New York. The State of Massachusetts had a model banking law, with the exception that it did not require the circulation to be secured. It required a reserve to be held; it required frequent examinations by bank commissioners; and your excellent Suffolk system enforced the prompt redemption of all New England notes in coin in Boston. Many unsound banks were organized in other parts of New England, but the currency of these banks was almost certain not to be circulated at home, but in the far West. New York had also its excellent free-banking system, which required United States and its own State bonds to be deposited as security for circulating notes, and the banks of that State looked with great disfavor upon any system which should require examinations, reserves or other important restrictions looking beyond the safety and prompt redemption of the circulating notes.

The National bank system has now been in operation nearly eighteen years. The act passed two years before the surrender of Gen. Lee's army at Appomattox Court House, and has since been in continuous operation for sixteen years, "including a period during which," to quote a distinguished statesman, "we have had a Babel of conflicting theories upon financial questions. Every exploded financial dogma of the last two hundred years has been revived and advocated. Congress and political parties have been agitated and convulsed by the discussion of old and new schemes to escape from the control of the universal laws of value, and to reach prosperity and wealth without treading the time-worn path of honest industry and solid values."† In this connection the writer above referred to recalls an evening at Mr. Chase's own residence, when the bank and currency questions were informally discussed. In the course of the conversation Mr. Chase asked for a definition of motion, when some one answered: "Matter is inert; spirit alone can move; therefore, motion is the spirit of God made manifest in matter." To which the secretary replied: "If that is a good definition, then legal-tender notes must be the devil made manifest in paper, for no man can foresee what mischief they may do when they are once let loose."

*The following was the vote in the Senate at each date:
Feb. 13, 1863. Yeas—Anthony, Arnold, Chandler, Clark, Doolittle, Fessenden, Foster, Harding, Harlan, Harris, Howard, Howe, Lane of Kansas, Morrill, Nesmith, Pomeroy, Sherman, Sumner, Ten Eyck, Wade, Wilkinson, Wilmot and Wilson of Massachusetts—23.

Nays—Carlisle, Collamer, Cowan, Davis, Dixon, Foote, Grimes, Henderson, Hicks, Kennedy, King, Latham, McDougal, Powell, Rice, Richardson, Salsbury, Trumbull, Turpie, Wall, and Wilson of Missouri—21.

May 10, 1864. Yeas—Anthony, Chandler, Clark, Collamer, Converse, Dixon, Doolittle, Fessenden, Foote, Foster, Hale, Harlan, Howard, Howe, Johnson, Lane of Indiana, Lane of Kansas, Morgan, Morrill, Poweroy, Ramsey, Sherman, Sprague, Sumner, Ten Eyck, Trumbull, Van Winkle, Wilkinson, Willey and Wilson—30.

Nays—Buckalew, Cowan, Davis, Grimes, Henderson, Powell, Richardson, Riddle and Salsbury—9.

Absent—Brown, Carlisle, Harding, Harris, Hendricks, Hicks, McDougal, Nesmith, Wade and Wright.

† "The Currency Conflict," *Atlantic Monthly*, February, 1876.

More than a year before the passage of the National Bank Act (December 1861) in the report already referred to, Secretary Chase said :

"In this plan the people, in their ordinary business, would find the advantages of uniformity in currency; of uniformity in security; of effectual safeguard, if effectual safeguard is possible against depreciation, and of protection from losses in discounts and exchanges, while in the operations of the Government, the people would find the further advantage of a large demand for Government securities, of increased facilities for obtaining the loans required by the war, and of some alleviation of the burdens on industry through a diminution in the rate of interest, or a participation in the profit of circulation, without risking the perils of a great money monopoly. A further and important advantage to the people may be reasonably expected in the increased security of the Union, springing from the common interest in its preservation, created by the distribution of its stocks to associations throughout the country as the basis of their circulation."

And, again, in 1862, he said :

"It seems difficult to conceive of a note circulation which will combine higher local and general credit than this. After a few years no other circulation would be used, nor could the issues of the National circulation be easily increased beyond the legitimate demands of business. . . . The issue of United States notes, if exclusive, is hazardous and temporary. The security by National bonds of similar notes furnished to banking associations is comparatively safe and permanent, and with this use may be connected for the present, and occasionally, as circumstances may require, hereafter, the use of ordinary United States notes in limited amounts. . . . 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 value recognized by the Constitution."

These anticipations have, with a single exception, all been realized. The National banks have continually held nearly one-fifth of the bonds of the United States, thus enhancing their value and the credit of the Government, so that, when recently they were returned to us, in large amounts from abroad, they were taken at home without depreciation. The banks have also furnished a currency both safe and uniform. The whole circulation of the country, both paper and coin, bears the impress of the nation, and both alike are of equal value. But the paper circulation of the country does not yet consist of National bank notes only.

The banks receive but a small profit upon circulation; the exchanges of the people, amounting to \$4,000,000,000 annually, are made at a minimum point, and almost without any cost; the rates of interest have been largely reduced; the losses by failures to the depositor have, in the aggregate, been but a trifle in comparison with those of previous banking systems; the losses of the banks themselves, through unfortunate loans and investments, amounting to \$100,000,000, have been promptly liquidated, and the present large surplus, the gradual result of good business management, is a safety fund against future disasters. The present unbounded prosperity of the country, and its unprecedented productions, prevent for a time the proper action in reference to the weak points of our currency system; but there is no good reason why the only remaining prediction of Secretary Chase may not be fulfilled—namely, that the legal-tender notes will be rapidly withdrawn, "and no other circulation used" but convertible bank notes and coin of a true standard.

In the concluding portions of his address, the Comptroller sketches

the financial progress since resumption, and points out how much more freely and at what lower rates loans have been obtainable, and especially in the interior portions of the country. He notes, what may surprise some persons, that the National banks in the commercial cities have loaned more money in proportion to their deposits than the country banks. He advises that the banks should keep their reserves largely in the metallic form, and points out that they naturally prefer gold to silver for their reserves, inasmuch as there is danger that silver may fall relatively to gold. Such a preference, he argues, is only the ordinary kind of prudence which men exercise in other affairs, and is not to be attributed to any prejudice or special antagonism in respect to the white metal.

He concludes with the seasonable warning that the present prosperous condition of business will not last forever, and that cautious bankers will keep themselves always prepared for those periods of depression which inevitably recur in the progress of affairs.

THE MAINE SAVINGS BANKS.

We are indebted to Mr. Frederick E. Richards, Bank Examiner, for the following summary, in advance of his annual report. It shows the condition of the Savings banks of Maine on November 1st, 1880 :

Number of Savings banks.....	55
" " depositors.....	80,947
Amount deposited the past year.....	\$ 2,050,028 49
" " withdrawn past year.....	81,845 46
Net increase of deposits past year.....	1,968,183 03
" " reserved fund.....	87,907 65
Average dividend made the past year.....	4½ per cent.

AGGREGATE LIABILITIES.

Deposits.....	\$ 23,277,675 82
Reserved fund.....	607,629 63
Profits and interest.....	666,631 28
Special reserved fund.....	739,339 50
Other liabilities.....	54,712 59
	<hr/>
	\$ 25,345,988 82

AGGREGATE RESOURCES.

United States bonds.....	\$ 4,185,911 09
State of Maine bonds.....	68,125 00
Other public funds.....	7,145,774 80
Railroad bonds.....	2,307,088 72
Bank stock.....	1,114,473 96
Other investments.....	774,806 33
Real estate owned.....	1,124,144 36
Loans on mortgages of real estate.....	5,239,463 28
" " collaterals.....	2,005,086 96
Cash.....	1,261,024 32
	<hr/>
	\$ 25,345,988 82

In 1877 and 1878 thirteen Savings banks reduced deposit accounts under law of 1877. In 1880 seven have wholly or partially restored to old depositors, viz.:

Androscoggin County reduction 20 per cent., 10 per cent. restored.	
Auburn	" 15 " 10 " "
Bridgton	" 25 " 27 " "
Calais	" 25 " 10 " "
Dexter	" 50 " 25 " "
Franklin County	" 25 " 10 " "
Skowhegan	" 25 " 12½ " "

REPORT OF THE SECRETARY OF THE TREASURY.

The annual report of Secretary Sherman contains the following statement of the ordinary revenues from all sources for the fiscal year ended June 30, 1880 :

From customs.....	\$ 186,522,064 60
From internal revenue.....	124,009,373 02
From sales of public lands.....	1,016,506 60
From tax on circulation and deposits of National banks.....	7,014,971 41
From repayment of interest by Pacific railway companies.....	1,707,367 18
From sinking fund for Pacific railway companies.....	786,621 22
From customs fees, fines, penalties, &c.....	1,148,800 16
From fees—consular, letters patent and lands.....	2,337,029 00
From proceeds of sales of Government property.....	282,616 50
From profits on coinage, &c.....	2,792,186 78
From revenues of the District of Columbia.....	1,809,469 70
From miscellaneous sources.....	4,099,603 88

Total ordinary receipts..... \$ 333,526,610 98

The ordinary expenditures for the same period were :

For civil expenses.....	\$ 15,693,963 55
For foreign intercourse.....	1,211,490 58
For Indians.....	5,945,457 09
For pensions, including \$ 19,311,025.20 arrears of pensions.....	56,777,174 44
For the military establishment, including river and harbor improvements and arsenals.....	38,116,916 22
For the naval establishment, including vessels, machinery and improvements at navy yards.....	13,536,984 74
For miscellaneous expenditures, including public buildings, light-houses and collecting the revenue.....	34,535,691 00
For expenditure on account of the District of Columbia.....	3,272,384 63
For interest on the public debt.....	95,757,545 11
For premium on bonds purchased.....	2,795,320 42

Total ordinary expenditures..... \$ 267,642,957 78

Leaving a surplus revenue of..... 65,883,653 20

Which, with an amount drawn from cash balance in Treasury of..... 8,084,434 21

Making..... \$ 73,968,087 41

Was applied to the redemption :

Of bonds for the sinking fund.....	\$ 73,652,900 00
Of fractional currency for the sinking fund.....	251,717 41
Of the loan of 1858.....	40,000 00
Of temporary loan.....	100 00
Of bounty-land scrip.....	25 00
Of compound-interest notes.....	16,500 00
Of 7-30 notes of 1864-65.....	2,650 00
Of one and two-year notes.....	3,700 00
Of old demand notes.....	495 00

Total..... \$ 73,968,087 41

The amount due the sinking fund for this year was \$37,931,643.55. There was applied thereto, from the redemption of bonds and fractional currency, as shown in the above statement, the sum of \$73,904,617.41, an excess of \$35,972,973.86 over the amount actually required for the year.

The requirements of the sinking-fund law have been substantially observed, and the principal of the public debt, less cash in the Treasury and exclusive of accruing interest, has been reduced from \$2,756,431,571.43, its highest point, which it reached on August 31, 1865, to \$1,890,025,740.89 on November 1, 1880—a reduction of \$866,405,830.54.

RECEIPTS AND EXPENDITURES COMPARED.

Compared with the previous fiscal year the receipts for 1880 have increased \$62,629,438.23. in the following items: In customs revenue, \$49,272,016.90; in internal revenue, \$10,447,763.34; in sales of public lands, \$91,725.54; in tax on circulation and deposits of National banks, \$267,471.12; in proceeds of sales of Government property, \$101,487.69; in consular fees, \$142,551.32; in Custom-house fees, \$92,403.63; in steamboat fees, \$12,063.39; in marine hospital tax, \$27,183.29; in interest on Indian trust funds, \$64c.901.59; in sales of Indian lands, \$272,883.54; in deposits by individuals for surveying public lands, \$380,062.33; and in miscellaneous items, \$880,924.55. There was a decrease of \$2,930,011.71, as follows: In premium on loans, \$1,496,943.25; in repayment of interest by Pacific railway companies, \$999,833.85; in profits on coinage, \$132,751.89; in premium on sales of coin, \$8,104.38; in customs, fines, penalties and for seizures, \$39,726.78; in customs, emolument fees, \$4,748.35, and in unenumerated items, \$247,903.21—making a net increase in the receipts, from all sources, for the year, of \$59,699,426.52.

The net expenditures show an increase over the previous year of \$25,190,360.48, as follows: In the Interior Department, \$22,395,040.06; (Indians, \$739,348.01, and pensions, \$21,655,692.05); in premium on bonds purchased, \$2,795,320.42. There was a decrease of \$24,495,286.23, as follows: In the War Department, \$2,308,744.51; in the Navy Department, \$1,588,142.10; in the interest on public debt, \$9,570,373.89, and in the civil and miscellaneous, \$11,028,025.73—making a net increase in the expenditures for the year of \$695,074.25.

ESTIMATES FOR 1881 AND 1882.

For the present fiscal year the revenue, actual and estimated, is as follows:

Source.	For the remain- ing three-quarters of the year.	
	For the quarter ended Sept. 30, 1880. Actual.	Estimated.
From customs.....	\$56,395,143 44	\$138,604,856 56
From internal revenue.....	32,436,422 38	97,593,577 62
From sales of public lands.....	434,590 66	705,429 34
From tax on circulation and deposits of National banks.....	3,933,340 37	3,190,653 63
From repayment of interest by Pacific Railway Companies.....	211,402 76	1,588,597 24
From customs fees, fines, penalties, etc.....	351,870 95	898,129 05
From fees—consular, letters patent, and lands....	542,964 23	1,997,935 77
From proceeds of sales of Government property...	56,311 23	193,688 77
From profits on coinage, etc.....	985,882 46	1,914,117 54
From revenues of the District of Columbia.....	265,872 65	1,510,127 35
From miscellaneous sources.....	2,216,332 79	4,033,667 21
Total receipts.....	\$97,889,239 92	\$252,110,760 08

The expenditures for the same period, actual and estimated, are:

	For the remain- ing three-quarters of the year.	
	For the quarter ended Sept. 30, 1880. Actual.	Estimated.
For civil and miscellaneous expenses, including public buildings, light-houses, and collecting the revenue.....	\$16,363,841 35	\$36,636,158 65
For Indians.....	2,360,661 99	3,849,338 01
For pensions.....	13,604,079 14	36,395,920 86
For military establishment, including fortifications, river and harbor improvements, and arsenals..	12,640,602 13	28,359,397 87
For naval establishment, including vessels and machinery, and improvements at navy yards..	5,085,571 98	9,914,428 02
For expenditures on account of the District of Columbia.....	1,298,944 61	2,051,055 39
For interest on the public debt.....	25,224,830 58	65,775,169 42
Total ordinary expenditures.....	\$77,018,531 78	\$182,981,468 22

Total receipts, actual and estimated, \$ 350,000,000; total expenditures, actual and estimated, \$ 260,000,000—\$ 90,000,000; estimated amount due the sinking fund, \$ 39,801,884.48; leaving a balance of \$ 50,198,115.52.

The act of February 25, 1862, amended by the Act of July 14, 1870, providing for a sinking fund for payment of the public debt, is in conformity with the policy which has prevailed since the adoption of the Constitution, of regarding a public debt as a temporary burden, to be paid off as rapidly as the public interests will allow. The provisions of these acts have been substantially complied with. They were executed literally, until the panic of 1873, by largely decreasing the revenues of the Government, rendered it impossible to meet their requirements. The deficiency on the sinking-fund account is as follows:

In the fiscal year 1874.....	\$ 16,305,421 96
" " " 1875.....	5,996,039 62
" " " 1876.....	1,143,769 82
" " " 1877.....	9,225,146 63
" " " 1878.....	18,415,557 31
" " " 1879.....	36,231,682 87
Total amount due on sinking fund.....	\$ 87,317,568 21
Less the payment made during the past fiscal year in excess of the amount required as above set forth.	\$ 35,972,973 86
Leaving a balance still due on account of the sinking fund of.....	\$ 51,344,594 35

Or nearly the same amount as the balance of estimated receipts over the estimated expenditures as shown above. Thus it is probable that there can be applied to the purchase of bonds for the sinking fund during the present fiscal year an amount sufficient to cover the whole deficiency now existing on the account of that fund, thus making good the whole amount of the sinking fund as required by law.

The revenues of the fiscal year ending June 30, 1882, estimated upon the basis of existing laws, will be:

Total ordinary receipts.....	\$ 350,000,000 00
Total estimated expenditures, including sinking fund.....	301,554,722 28
Or, an estimated surplus of.....	\$ 48,445,277 72

Excluding the sinking fund the estimated expenditures will be \$ 259,914,882.08, owing a surplus of \$ 90,085,117.92.

REDUCTION OF TAXES.

It appears from the foregoing statements that the surplus revenue, actual and estimated, for the fiscal years 1880, 1881, and 1882, after providing for the sinking fund for each year, is as follows:

For the year ended June 30, 1880.....	\$ 27,952,009 65
" ending " 1881.....	50,198,115 52
" " " 1882.....	48,445,277 72

This naturally presents to Congress the question whether the surplus revenue accruing after the present year should be applied to the further reduction of the public debt, or whether taxes now imposed should be repealed or modified to the extent of such surplus. The many and sudden changes that have heretofore occurred in the amounts realized from our system of taxation are a sufficient warning that revenue should not be surrendered, unless it satisfactorily appears that the surplus is permanent and not merely temporary. If the taxes imposed by existing laws are not oppressive in their nature, it is perhaps better to bear with them than to endanger the ability of the Government to meet the

current appropriations and the sinking fund. A large portion of the surplus of revenue over expenditures is caused by the reduction of the rate of interest and the payment of the principal of the public debt. The reduction of annual interest caused by refunding since March 1, 1877, is \$14,290,453.50, and the saving of annual interest resulting from the payment of \$109,489,850 of the principal of the public debt, since that date, is \$6,144,737.50. The interest is likely to be still further reduced during the next year in an amount estimated at \$12,101,429.50 by the refunding of bonds as hereinafter proposed. To the extent of this annual saving, amounting to \$32,539,620.50, the public expenditures will be permanently diminished. The large increase of revenue from customs on a few articles during the last year may be somewhat abnormal, and the estimates based upon it may not be realized. It is a question for Congress to determine whether any material reduction should be made at a time when the whole surplus revenue may be with great advantage applied directly to the payment of accruing debt, and when such surplus is an important element in aid of refunding. If it should be determined by Congress to reduce taxes, it is respectfully recommended that all the taxes imposed by the internal-revenue law other than those on bank circulation and on spirits, tobacco and fermented liquors be repealed. The tax on the circulation of National banks is levied partly in the nature of a moderate charge for a franchise conferred by the Government, and partly to furnish means to pay the expense of printing and issuing National bank notes. It is easily collected by the Treasurer of the United States, and is a just and proper tax, whether regarded as a charge for the franchise or as a means of reimbursing the Government the cost of printing the notes. The tax on State banks is of the gravest importance, not for purposes of revenue, but as a check upon a renewal of a system of local State paper money, which, as it would be issued under varying State laws, would necessarily differ as to conditions, terms and security, and could not, from its diversity, be guarded against counterfeiting, and would, at best, have but limited circulation.

REFUNDING.

A large portion of the public debt becomes payable or redeemable on or before July next, as follows :

<i>Title of Loan.</i>	<i>Rate.</i>	<i>Payable.</i>	<i>Redeemable.</i>	<i>Amount.</i>
Loan of February, 1861.....	6 per cent.	Dec. 31, 1880	—	\$13,414,000
Oregon War debt.....	"	July 1, 1881	—	711,800
Loan July and August, 1861..	"	—	June 30, 1881	145,786,500
Loan of 1863 (1881s).....	"	—	"	57,787,250
Funded loan of 1881.....	5 per cent.	—	May 1, 1881	469,651,050
Outstanding Nov. 1, 1880.....				\$687,350,600

The bonds maturing December 31, 1880, will be paid from accruing revenues. The surplus revenue accruing prior to July 1, 1881, estimated at about fifty million dollars (\$50,000,000), will be applied, under existing law, to the purchase or payment of the bonds above described, thus leaving the sum of \$637,350,600 to be provided for. The third section of the act approved July 14, 1870, for refunding the national debt, under which the five-per-cent. bonds, maturing May 1, 1880, are redeemable, requires the Secretary of the Treasury to give public notice three months in advance of their payment. To enable the Department to avail itself of the option of redeeming these bonds at their maturity, the necessary legislation for that purpose should be passed prior to February 1, next. The five and six-per-cent. bonds are not, by their terms, payable at a specific date, but they are redeemable at the pleasure of the United States after the dates above named. They bear a much higher rate of interest than the rate at which new bonds can be sold. Any delay in providing for their redemption will compel the continued payment of high rates of interest; it will make necessary the issue of a new series of coupons to the holders of coupon bonds, and may postpone to a less favorable period the completion of

the operations of refunding. Under existing law there is still available for this purpose four-per-cent. bonds authorized by the acts of July 14, 1870, and January 20, 1871, to the amount of \$104,652,200. These could now be sold at a large premium, and, in the absence of legislation, it would be the duty of the Secretary, when any bonds become redeemable, to sell four per cents and apply the proceeds to the redemption of such bonds; but the amount of four per cents authorized is inadequate to the purpose stated. It is therefore advisable, by new and comprehensive legislation, to authorize the sale of other securities sufficient to redeem the whole sum soon to be redeemable. The terms and conditions of the securities to be authorized for this purpose have received the careful attention of this Department. Hitherto the policy has been to sell bonds bearing as low a rate of interest as possible, running a number of years; but, in view of the requirements of the sinking fund, it is believed that a large portion of the public debt to be redeemed can be provided for by Treasury notes, running from one to ten years, issued in such sums as can, by the application of the sinking fund, be paid as they mature. The purchase of bonds not due has heretofore involved the payment of premiums, which it is believed can in future be avoided by the issue of such Treasury notes. The large accumulation of money now seeking investment affords a favorable opportunity for selling such notes bearing a low rate of interest. It is believed that they will form a popular security, always available to the holder, and readily convertible into money when needed for other investment or business. They should be in such form and denominations as to furnish a convenient investment for the small savings of the people, and fill the place designed by the ten-dollar refunding certificates authorized by the act of February 26, 1879. No other United States bonds than those stated become redeemable prior to the 1st of September, 1891, the date of maturity of the 4½-per-cent. bonds. The requirements of the sinking fund prior to the maturity of the 4½-per-cent. bonds, for a period of ten years, from 1882 to 1891, both inclusive, are estimated as follows:

For the fiscal year ending June 30, 1882.....	\$ 43,386,645 00
" " " " " " 1883.....	45,122,110 80
" " " " " " 1884.....	46,926,995 24
" " " " " " 1885.....	48,804,075 04
" " " " " " 1886.....	50,756,238 04
" " " " " " 1887.....	52,786,487 56
" " " " " " 1888.....	54,897,947 07
" " " " " " 1889.....	57,093,864 95
" " " " " " 1890.....	59,377,619 55
" " " " " " 1891.....	61,752,724 33
Total.....	\$ 520,904,707 58

It may be, that during this period, by the change of our financial condition, or from unforeseen events, the Government will not be able, as in times past, to apply sums so large to the reduction of the debt, but it is probable that any temporary deficiency would soon be made good by increased revenue. This contingency may be provided for by the terms of the bonds.

The Secretary therefore recommends that provision be made for the issue of an amount not exceeding \$ 400,000,000 of Treasury notes in denominations not less than ten dollars, bearing interest not exceeding four per cent. per annum, and running from one to ten years, to be sold at not less than par, the amount maturing during any year not to exceed the sinking fund for that year, and the proceeds to be applied to the payment of five and six-per-cent. bonds maturing in 1881. It is believed that with the present favorable state of the money market, a sufficient amount of such Treasury notes bearing an annual interest of three per cent. can be sold to meet a considerable portion of the maturing bonds; but it is better to confer upon the Department a discretionary power to stipulate for a higher maximum rate to avoid the possibility of failure. Such a discretion is not likely to be abused, while a power too carefully restricted may defeat the beneficial object of the law.

It is also recommended that authority be given to sell at par an amount not exceeding \$ 400,000,000 of bonds, of the character and description of the four-

per-cent. bonds of the United States now outstanding, but bearing a rate of interest not exceeding 3.65 per cent. per annum, and redeemable at the pleasure of the United States after fifteen years, the proceeds to be applied to the payment of bonds redeemable on or before July 1, 1881. Though the amount of the two classes of securities recommended exceeds the amount of bonds to be redeemed, no more can be sold than the bonds to be redeemed, while the alternative authorized will permit a limited discretion to sell the securities most favorable to the Government. With the authority thus recommended, it is believed that the Department can within a year redeem all the five and six-per-cent. bonds now outstanding, and thus reduce the interest of the public debt \$12,000,000 per annum, and leave the debt in a form most favorable for gradual payment by the application of the sinking fund without cost or premium.

RESUMPTION.

The Secretary expresses the utmost confidence that without new legislation the entire amount of United States notes now authorized and outstanding can be easily maintained at par in coin, even if the present favorable financial condition should change; but, in order to accomplish this, the coin reserve must be kept unimpaired except by such payments as may be made from it in redemption of notes.

It is suggested that Congress might define and set apart the coin reserve as a special fund for resumption purposes. The general available balance is now treated as such a fund, but, as this balance may, at the discretion of the Secretary of the Treasury, be unduly drawn upon for the purchase of payment of bonds, it would appear advisable that Congress prescribe the maximum and minimum of the fund.

The Secretary argues that United States notes are now, in form, security and convenience, the best circulating medium known. He is willing that the legal-tender quality should be withdrawn. The Secretary ventures to express the opinion that the present system of currency, the substantial features of which are a limited amount of United States notes (with or without the legal-tender quality), promptly redeemable in coin, with ample reserves in coin and ample power if necessary to purchase coin with bonds, supplemented by the circulating notes of National banks issued upon conditions that guaranty their absolute security and prompt redemption, and all based on coin of equal value, generally distributed throughout the country, is the best system ever devised, and more free from objection than any other, combining the only safe standard with convenience for circulation and security and equality of value.

COIN AND COINAGE.

There was in the mints and assay offices on the 1st of November, bullion held for coinage amounting to \$78,558,811.55 of gold and \$6,043,367.37 of silver, making the total coin circulation and bullion available for coinage in the country of:

Gold	\$453,882,692
Silver	158,320,911
Total	\$612,203,603

The Secretary says that notwithstanding special efforts, it was found to be difficult to maintain in circulation more than 35 per cent. of the amount coined in standard silver dollars. He earnestly recommends that the further compulsory coinage of the silver dollar be suspended, or, as an alternative, that the number of grains of silver in the dollar be increased so as to make it equal in market value to the gold dollar, and that its coinage be left, as other coinage, to the Secretary of the Treasury or to the Director of the Mint, to depend upon the demand for it by the public for convenient circulation.

It may be better for Congress at the present time to confine its action to the suspension of the coinage of the silver dollar, and to await negotiations with foreign powers for the adoption of an international ratio; but, compelled

by official duty to report upon this subject, the Secretary feels bound to express his conviction that it is for the interest of the United States now, as the chief producer of silver, to recognize the great change that has occurred in the relative market value of silver and gold in the chief marts of the world, to adopt a ratio for coinage based upon market value, and to conform all existing coinage to that ratio, while maintaining the gold eagle of our coinage at its present weight and fineness. He confidently believes that the effect of this measure would be to make our gold and silver coins the best international standards of value known.

The Secretary recommends that the act approved June 9, 1879, requiring the redemption in lawful money, at the office of the Treasurer or any Assistant Treasurer of the United States, of the silver coins of the United States of smaller denominations than one dollar be repealed.

On the 1st of November, 1880, the amount of fractional coin in the Treasury was \$24,629,489, from which it appears that \$17,815,900 has been redeemed with lawful money. The whole amount in the Treasury is counted as a part of its reserve, although it is a legal tender only in sums not exceeding \$10, and is, therefore, not available as cash for general purposes. It would seem wise that the excess not needed for change should be coined into standard dollars, and that any further fractional coin, hereafter needed, should contain silver of approximate relative value to the standard coin.

THE NATIONAL BANKS.

The capital stock of the National banks on October 1, 1880, was \$457,553,850; surplus, \$120,518,583; and the total circulation outstanding, \$343,949,893.

National banks are organized in every State of the Union except Mississippi, and in every Territory except Arizona; and the total number in operation is 2,095, which is the greatest number that has been in operation at any one time.

The capital stock of the National banks is \$47,000,000 less and the surplus nearly \$14,000,000 less than at the corresponding date in 1875. The loans of the banks at the date of their last returns were \$1,037,000,000, and the individual deposits \$873,000,000, the highest points reached since the organization of the system, the loans being \$207,000,000 greater and the individual deposits \$253,000,000 greater than in October, 1878, while the capital and surplus at the previous date were \$5,000,000 in excess of their present amounts.

The individual deposits and the public, private and bank deposits, not deducting the amount due from banks and the amount of the Clearing-House exchanges, have increased more than \$322,000,000, and amount to the unprecedented sum of \$1,155,000,000.

The tables given by the Comptroller show that during the past two years the loans of the banks in the city of New York have been extended to a much greater degree proportionably than the loans in other parts of the country, and that the cash reserves of the banks in New York have been unprecedentedly low. While the aggregate lawful money reserve has, as far as known, always been held by this class of banks it has frequently been very close, some of the banks expanding their loans beyond reasonable limits, and relying upon imports of gold and purchases of bonds by the Treasury to replenish their deficient reserves.

The act of June 20, 1874, repealed the law requiring reserves to be held upon circulation, thus largely reducing the amount of legal reserve required. The enormous increase of individual and bank deposits during the last year should not be accompanied with a proportional increase of loans, since such increase would, it is believed, have the effect indirectly of increasing the market prices of many railroad and other stocks and bonds largely beyond their actual value. The banks in New York City hold more than \$100,000,000 of the funds of other banks, which are payable on demand, and it is of the greatest importance that they should at all times exhibit great strength, if they would keep themselves in condition for an adverse balance of trade and for the legitimate demands of those dealers who confide in them.

The most gratifying exhibit in the condition of the National banks is, that they are now doing business upon a specie basis, the amount of gold coin held by the National banks having increased since the day of resumption from \$35,039,201 to \$102,851,032, which is but about \$18,000,000 less than the whole cash reserve required by law.

The banks and bankers of the country have complained that the taxes upon bank deposits and bank capital since the passage of the first internal revenue act have been greatly disproportioned to the amount paid by other classes of property, and it would seem that the time has now arrived, as hereinbefore recommended, when Congress might properly repeal all taxes on capital and deposits, retaining the present tax on circulation.

The National banking system has fully realized all the expectations of its founders. It has furnished a safe currency, of uniform circulation, carefully guarded against counterfeiting, protected by ample reserves, and promptly redeemed both at the banks and the Treasury. No other legislation in respect to these important corporations seems to be required at the present session.

INTERNAL REVENUE.

The taxes proposed to be repealed yielded during the last fiscal year as follows :

From banks and bankers other than National.....	\$ 3,350,985 28
From National banks other than on circulation.....	4,438,134 80
From adhesive stamps.....	7,668,394 22
	<hr/>
In all.....	\$15,457,514 30

In case of such repeal ample time should be given to exhaust the tax-paid stamps without loss to the manufacturer.

THE INTERNAL REVENUE.

The annual report of General Green B. Raum, Commissioner of Internal Revenue, for the fiscal year ended June 30, 1880, shows that the receipts of internal revenue for the fiscal year 1880, in the face of the reduction of the tax on tobacco, were \$123,981,916, an increase of \$10,532,294. The receipts for the first four months of the present fiscal year amount to \$43,789,318, showing an increase over the corresponding period of last year of \$3,658,213. The Commissioner says: "I know of no reason why this increase should not be maintained during the fiscal year, so that the total collections for the year from internal revenue taxes at the present rates would be \$135,000,000."

While the receipts from taxes are thus increasing in amount the demands upon the Treasury are being lessened by the reduction of the public debt and the annual interest charged. It is probable, therefore, that Congress will be disposed to relieve the people from some of the internal revenue taxes, and if such a reduction is to be made, I respectfully suggest the following list of taxes, collected during the fiscal year 1880, for the consideration of the law-making power: Bank checks, \$2,270,421; friction matches, \$3,561,300; patent medicines or preparations, perfumery, cosmetics, &c., \$1,836,673.22; bank deposits, \$2,347,568.07; savings bank deposits, \$163,207.36; bank capital, \$811,436.48—total, \$10,990,606.13.

In order that no injustice may be done, the Commissioner recommends that in the event such taxes are taken off, the repeal act shall not take effect until at least three months after its passage. Whenever the interests of the Government will allow it, says the Commissioner, I think it will be wise to confine internal revenue taxation to spirits, malt liquors, tobacco, snuff, cigars and special taxes upon the manufacturers and dealers in these articles. I am of the opinion that reliance can be placed upon receiving the sum of \$120,000,000 annually from these sources.

In my opinion it would be wise to continue the stamp tax upon all medicated bitters containing more than 20 per cent. of proof spirits.

In reference to the tax upon savings banks, I would say that in my judgment these taxes should be removed, or the whole legislation upon the subject of taxing saving banks should be modified and made more equitable, and there would seem to be no just ground for continuing the tax upon the capital and deposits of banks and bankers if it is found that the revenues are sufficient without it.

The total amount of collections from tobacco for the fiscal year ending June 30, 1880, was \$38,870,140, and is less than the receipts from the same source for the fiscal year immediately preceding by \$1,264,862.

The decrease on tobacco and snuff was \$3,801,246. Of this decrease \$3,533,720 was on chewing and smoking tobacco, and \$267,526 on snuff.

The increase in the collections from cigars and cigarettes was \$2,389,636.

The increase of the production of manufactured tobacco, cigars, &c., was 14,649,476 lbs.

The report continues: "The entire receipts from manufactured tobacco, including snuff, for the fiscal year ended June 30, 1880, were \$21,804,763. This is \$3,801,246 less than the receipts from the same sources during the fiscal year ending June 30, 1879, and \$4,579,108 less than the receipts from the same sources during the fiscal year ended June 30, 1878, when the taxes on snuff were collected at the rate of thirty-two cents per pound and on manufactured tobacco at twenty-four cents per pound. These collections were made from 3,966,308 pounds of snuff and 132,309,527 pounds of smoking and chewing tobacco.

Had there been no reduction in the rate of tax on snuff and tobacco the number of pounds which reached taxation during the last fiscal year, would have yielded a revenue of \$33,023,505, or \$11,218,741 more than was collected.

The total collections from cigars, cheroots and cigarettes for the fiscal year ended June 30, 1880, were \$14,922,088. This is \$2,389,636 more than the receipts from the same sources during the previous fiscal year.

Regarding the apparent over production of spirits the Commissioner says: "I take the liberty of calling especial attention of distillers and the trade to the fact that on the 1st of July, 1879, there were on hand in distillery warehouses 19,212,000 gallons of spirits, which was an increase of about 5,000,000 gallons over the stock on hand at the same period of the previous year, and that on the 1st of November, 1880, the amount of spirits on hand was 32,640,000 gallons, being an increase of 13,400,000 gallons over the amount on hand on the 1st of July, 1879. The steady increase in the number and capacity of distilleries in operation suggests the probability of the continued enlargement of the stock on hand. It has occurred to me that this business was on the eve of being overdone, and that in the event of a recurrence of the agitation for a reduction of the tax the holders of these spirits would be danger of loss.

THE PUBLIC DEBT.—*America*, of Dec. 18, says: "The great majority of Congressmen are evidently in favor of paying off the National debt promptly, while we are prosperous and at peace with all the world. No long-bond scheme is likely to obtain any number of votes in the House."

The *Boston Commercial Bulletin* says: "It is believed by high financial authorities that nearly if not quite all the debt falling due in 1881 can be paid off before 1891. If this is possible any scheme for long-time funding is decidedly inconsistent with the steady annual reduction of the debt, a policy thus far rigidly adhered to, and one which has been of inestimable value in restoring our financial condition to its normal state."

REPORT OF THE DIRECTOR OF THE MINT.

The annual report of the Director of the Mint contains valuable information concerning the production, consumption, coinage and circulation of the precious metals in the United States and foreign countries. The deposits of gold bullion at the mints and assay offices have been, both in number and value, greater than in any previous year, aggregating \$98,835,096 85, and exceeding, by nearly thirty million dollars, the highest previous deposit of 1861.

The gain was not the result of increased deposits of domestic production, of which \$35,821,705.40 were received as against over \$38,500,000 in the previous year. The receipts of foreign coin and bullion increased nearly \$60,000,000, being \$61,627,556.86 out of a total import of \$62,550,837. The deposits of silver and deliveries upon purchases were only exceeded during the coinage of fractional silver and trade dollars in 1877 and 1878. The receipts of domestic silver bullion were \$32,132,756.95; foreign coin and bullion, \$2,219,105 83; plate, jewelry and American coin, \$288,660.01; total, \$34,640,522.79. The coinage of gold, although heavier than in any previous year, could not keep pace with the deposits, and \$38,468,874 of gold bullion remained uncoined at the New York Assay Office and Philadelphia Mint at the close of the fiscal year. The mints, however, augmented the circulation \$84,370,144, adding \$56,157,735 of gold, \$27,942,437.50 of silver, and \$269,971.50 in minor coins. A successful effort has been made by the Director to secure the coinage of eagles and half eagles; of the latter, 3,158,172 pieces to 1.883,632 eagles, and 1,075,768 double eagles. Instructions have been given to coin gold bullion on hand as fast as practicable in eagles and half eagles.

The total purchases of silver bullion during the year have amounted to 24,262,571.38 standard ounces, at a cost of \$24,972,161.81, being an average purchase of \$2,081,013.48 worth of silver bullion per month. The average Treasury Department price of silver bullion of British standard during the year was 52⁷/₈d. per ounce, equivalent with exchange at par to 1.14436 per ounce fine, and at the average monthly price at New York of exchange on London (4.8634) was 1.14397. The average New York price of silver was 1.14162 per ounce fine. Difficulty was experienced in procuring silver bullion at market rates for the San Francisco and Carson mints, neither being worked at their full capacity and coinage—at the latter work being suspended during a portion of the year.

The report recommends that a melting charge be imposed on all deposits of bullion which requires melting before assay to ascertain the value with accuracy. Nearly \$60,000,000 of foreign coin and bullion deposited at the New York Assay Office, and many millions of domestic bullion deposited at the mints, that before assay had to be melted, have escaped any charge for the operation. The propriety of a coinage charge is discussed and approved, although no recommendation is made.

The production of gold and silver in the United States during the fiscal year is estimated at \$36,000,000 gold and \$37,700,000 silver. The amount of gold and silver reported as having been used in manufactures and the arts during the fiscal year ending June 30, 1880, was: Gold, \$8,634,193; silver, \$3,464,170. An additional amount was used and not directly reported, estimated to be sufficient to make the total consumption in the United States \$10,000,000 of gold and \$5,000,000 of silver.

On June 30, 1880, the amount of United States gold coin in the country was \$358,958,691, and of silver coin \$142,597,020. These amounts were further increased by November 1, 1880, by net coinage and import of \$16,365,190 of gold, and \$9,680,524 of silver, making the total amount of

United States coin at the latter date \$527,601,425, of which \$375,323,881 was gold and \$152,277,544 was silver. The mints and assay offices hold, in addition, bullion which is being coined as rapidly as facilities will admit to the amount of \$78,558,811 of gold and \$6,043,367 of silver, making a grand total of coin in circulation, and bullion available for coinage on the 1st of November of \$612,203,603; \$453,882,692 of which is gold and \$158,320,911 silver.

BANK CLERKS' MUTUAL BENEFIT ASSOCIATION OF NEW YORK CITY.

The twelfth anniversary of this Association was held Thursday evening, December 9th, in Chickering Hall. The building was crowded with bank officers, bank clerks, and with ladies and gentlemen interested in the society, or attracted by the musical and literary exercises offered for their entertainment.

Mr. Geo. A. Bruen, of the Bank of North America, officiated at the organ, rendering his selections in so artistic a manner as to call forth expressions of hearty approval.

Hon. John W. Hunter, Treasurer of the Dime Savings Bank of Brooklyn, delivered a brief but earnest address in behalf of the objects of the Association.

Mr. Walter Coggeshall, the President, then read the annual report, which showed that twenty-seven new members had been admitted during the past year, and eleven deaths had been recorded, leaving the entire membership 1,131. Two members had been added to the list of disabled; \$12,100 been paid out in benefits, and the total cash assets, clear of all liability, amount to \$88,581.79. During the year, a circular had been addressed to the banks, asking an annual contribution of \$100 or \$50 towards a fund to be used by the Board of Management in reducing the number of assessments, in order that young clerks on small salaries might not be prevented from joining the society and sharing its benefits. Thus far, over thirty banks had responded, the total of their contributions amounting to \$3,100.

After the reading of the report, Rev. Robert Collyer was introduced and delivered an interesting address upon "The Curse of Debt and the Worth of Saving." Its sentiments were applicable to merchants as well as to clerks, and frequent applause greeted the strong points in the discourse.

The proceedings were interspersed with vocal music, furnished by the Bank Clerks' Musical Association.

ADDRESS OF THE HON. JOHN W. HUNTER.

Mr. President and Gentlemen of the

Bank Clerks' Mutual Benefit Association:

I had hoped to congratulate myself and you that the principal duty and business of a chairman, or presiding officer of a meeting, was simply to preside and keep order; indeed, the rules in all legislative bodies preclude him from making speeches (from the chair) to the assembly over which he presides. Resting somewhat under this shield of protection, I could not utterly refuse the request of my friends and neighbors, Messrs. Donaldson and Parsons, my consent to be with you to night in the capacity of chairman of your annual meeting. But, on Monday last, I received a printed programme, in which the chairman is advertised to make an address. Now, as I have become, in a measure, the indorser of whatever these gentlemen may have done, I must proceed in the task, and, while I thank you for the honor in the invitation you have extended me, I trust you will receive the few words I shall say to you in the same spirit as that in which they are offered, viz.: kind and fraternal sympathy with your objects and efforts.

Your Association commends itself to the sympathy, countenance and support of this great commercial community. For, upon your individual care, intelligence, fidelity and scrutiny, how much depends! Your knowledge and wisdom

gained in the daily performance of your duties—the judgment which must at first blush give indication of the true or of the false—this knowledge, this judgment is yours by acquisition—your stock in trade, to be used conscientiously and honestly for the protection of the great interests daily and hourly entrusted to your care. Yet all are liable to err. Few would be hardy enough to announce before hand that *they* could not be deceived, and any who venture an assumption of this kind are likely to be left, at some time, standing monuments of their own folly.

No class of men in our community hold more responsible positions, or are entitled to more respect and consideration, than those who are faithful instruments in the transmission of the immense amount of money necessary in the great commercial dealings of this city. Money is used as the medium of commerce in moving and interchanging the products of the world; and when we learn from the reports of the Clearing House, that in a single week a thousand millions of dollars passes through your hands in the different banks of this city, I think few will deny that the men who faithfully and quietly perform this great work are entitled to their full measure of honor and consideration.

True manhood, and perhaps, heroism, is exemplified in an honest and faithful performance of duty, in whatever station of life we are placed. The wounded soldier on the field of battle, found in death with the picture of wife and children in his hands—his last thoughts of them and home—simply died at the post of duty; yet was as much a hero as if his deeds had been wafted around the world. So in your own profession. How often is it seen and known a quiet, peaceable gentleman, performing all his duties, poor and in declining health, “preferring death before dishonor,” is at last laid away in final rest. Then it is your privilege to continue your ministrations of love and benevolence to those who were near and dear to him. May your means be enlarged, your disposition and ability encouraged, and the administration of your trust a blessing. Your work will be seen, appreciated and known, and the wealth of this great city, together with your own exertions will not let you fail.

Systems of finance have always existed, and must always exist in all civilized and prosperous countries, but it is sometimes urged that the men engaged in the practical working of these systems are apt to become narrow and constrained—to become men of mere routine.

It is your duty to see to it that these notions are not always true or fair, and you must prove your case by establishing the opposite.

Have life, spirit, energy and courtesy in all your daily labors, performing all under a full and true sense of manhood to all persons and in all places in a broad and cheerful manner, and keep in remembrance that it is not the calling which dignifies the man, but it is the man that dignifies the calling. Seek every avenue of knowledge, educate yourself in every possible way; be ready, be diligent, for “there is a tide in the affairs of men which, taken at the flood leads on to fortune.”

The most eminent, if not all the prominent officers of our banking institutions are men who, like yourselves, have served in the ranks as bank clerks. This is right and proper, for necessity and custom almost makes it a law that a prosperous bank, in these piping days, needs something more than a respectable figure-head. It needs and must have the ready hands, brain and heart of every one who has a practical interest in its welfare.

And as for rule and guidance of life in all positions, we may remember that the *Ten Commandments* have never been repealed, and that the *Lord's Prayer* may still be used with profit.

May your association, by its own practical work, secure the kindly co-operation of every Bank and fiduciary institution in the city. A small annual contribution from each, to be added to your permanent fund, would soon build up this fund to an amount, the interest of which would enable you to materially reduce the cost of membership and enlarge your benefits.

Bring the matter before them, and keep it there. They will recognize that “the best security for the fidelity of men is to make interest coincide with *duty*,” and then more completely will you be a Mutual Benefit Association.

THE BANKERS' AND BANK CLERKS' MUTUAL BENEFIT ASSOCIATION OF PITTSBURGH.

The seventh annual meeting of this Association was held in United States Court Rooms, Monday, November 15th, 1880. The meeting was called to order at eight o'clock, Mr. Cyrus Clarke, Jr., of the Tradesmens National Bank, in the chair, and Chas. G. Milnor, of Pittsburgh Bank for Savings, acting as Secretary. After the regular routine business, the reports of the President, Corresponding Secretary and Treasurer were read. Election for officers for ensuing year was held, after which the meeting adjourned.

President Wm. N. Riddle, in presenting his report, said: "At this meeting we will only call your attention to the reports of the Treasurer and Corresponding Secretary, and while congratulating you upon the satisfactory condition of our Association, ask your continued co-operation in every effort to promote the best interests of the organization."

Subjoined is the Secretary's report:

Number of members last report, 131; added during year: active, 17; honorary, 4; dropped for non-payment of dues, 5; died, 1; resigned, 1. Total present membership, 145, consisting of: Active members, 128; honorary members, 17.

The Treasurer's report showed the following interesting state of financial affairs:

Dr. Balance on hand at last report, \$1,526.51; received, monthly dues, \$721.50; received, extra assessments, \$289; received, initiation fees, \$70; received, honorary members, \$75; received, interest, \$223.34; received, sale United States four-per-cent. bonds, \$2,678.12. Total, \$5,583.47.

Cr. Paid, purchase of \$4,000 five-per-cent. Allegheny County bonds, \$4,000; paid, interest and premium on above, \$200; paid, death loss No. 4, (S. George, Jr.), \$500; paid, expenses (printing), \$62.30; balance in People's Savings Bank, \$821.17. Total, \$5,583.47.

The officers and directors for 1881 are:

President—WILLIAM N. RIDDLE, Cashier Penn Bank. *Vice-President*—CYRUS CLARKE, Jr., Cashier Tradesmen's National Bank. *Recording Secretary*—GEO. J. GORMAN, Teller Mechanics' National Bank. *Corresponding Secretary*—SAMUEL C. APPLGATE, Teller First National Bank. *Treasurer*—ROBERT WARDROP, Treasurer Pennsylvania Lead Co.

Directors—W. A. SHAW, Cashier M. & M. National Bank; T. H. GIVEN, Cashier Farmers' Deposit 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; 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.

Trustees—J. A. HARPER, Assistant Cashier Bank of Pittsburgh; J. J. DONNELL, of N. Holmes & Sons; CHAS. W. BATCHELOR, President Masonic Bank; A. M. BROWN, President Anchor Savings Bank; J. R. McCINE, President Union National Bank; JOHN D. SCULLY, Cashier First National Bank; ROBERT ARTHURS, President Fifth National Bank; W. W. YOUNG, President Lawrence Savings Bank; J. H. WALTER, Director Penn Bank; W. McCANDLESS, Cashier Allegheny National Bank.

TREASURY REGULATIONS AS TO INDORSEMENTS.

The following are recent decisions of the First Comptroller of the United States Treasury upon points of general interest :

THE INDORSEMENT OF PUBLIC DEBT TREASURY INTEREST CHECKS—RHAWN'S CASE.

1. Under the Revised Statutes, section 161, the Secretary of the Treasury may prescribe "regulations" requiring evidence of the authority of officers of National banks to indorse checks or drafts beyond that which general usage or the common law or statute of a State makes evidence in courts.
2. The "regulations" prescribed on this subject do not go beyond the usage or common law rule in courts, except that as to bank presidents and officers who are not *ex virtute officii* authorized to indorse, evidence of authority must be furnished by duly certified resolution of the Board of Directors, whereas in court parol evidence is generally sufficient when an officer has been usually exercising powers.
3. The president of a National bank is not *ex virtute officii* authorized to indorse checks; hence his authority to do so must be proved by the evidence required by the regulations of the Secretary of the Treasury.
4. Cashiers of National banks have authority *ex virtute officii* to indorse checks.
5. The powers of bank presidents and cashiers may be enlarged or limited by authority of the proper Board of Directors, either by resolution or by sanction shown by usage without objection from them.
6. If the Board of Directors of a National bank limit the authority of a cashier so that it is less than that generally exercised, parties dealing with such cashier are not chargeable with such limitation unless it is in fact or by reasonable inference brought to their knowledge.

THE INDORSEMENT OF TREASURY DRAFTS—MOYER'S CASE.

1. It may sometimes be advisable to require Treasury drafts to be indorsed in such form as would transfer similar negotiable instruments by the law of the State where the claimant resides.
2. But the rights of creditors of the Government are to be determined by the laws of the United States, and "regulations" made by the head of a Department in pursuance of an act of Congress are law.
3. The regulations of the Treasury Department of October 22, 1878, as to the indorsement of drafts, adopt the common law rules applicable to (1) executors and administrators, (2) guardians, and (3) partners. They (1) modify common law usages in some cases; (2) they do not provide for all cases which may arise; and (3) cases will arise in which it may require construction to determine if they are applicable.
4. Joint owners of a draft who are not partners are within the regulations which authorize the payment of such draft on the indorsement of one of the payees.
5. When a draft is issued to a partnership firm by name, and all the partners subsequently and successively die intestate, the administrator of the last surviving partner has the legal title in and is authorized to indorse the draft.
6. He will in such case be required to show by proper evidence (1) who were all the members of the firm, (2) their death, (3) that the last survivor died testate, and (4) who the administrator is.
7. If the last survivor die testate his executor can indorse.
8. The proper fiscal officer of municipal corporations, *quasi* corporations, and similar political bodies, will be required to produce evidence of his authority, unless he be such officer as that he may be recognized from public notoriety. But executive officers will sometimes require record evidence of authority when local courts would take judicial notice of the official character of many of such officers.

9. The indorsements by joint assignees in bankruptcy and insolvency considered.
10. The "regulations" authorize one of several ordinary trustees to indorse drafts.

LEGAL MISCELLANY.

United States Supreme Court.

LIABILITY OF INSOLVENT NATIONAL BANK SHAREHOLDERS.

The United States ex rel. The Citizens' Bank of Louisiana, plaintiffs in error, v. John J. Knox, Comptroller of the Currency.

Error to the Supreme Court of the District of Columbia.

The question presented by this case is whether an individual shareholder of an insolvent National bank can be compelled to pay more than his full proportionate share of the bank's liabilities, in order to make good the deficiency caused by the inability of other stockholders to pay their proportionate shares. On April 7, 1874, the Crescent City National Bank of New Orleans, being insolvent, went into the hands of a receiver. An investigation was made of its affairs, and it was found that the full payment of its debts would necessitate an assessment upon the shareholders to the extent of 70 per cent. of the amount of its capital stock. Such an assessment was therefore made, each stockholder being called on for 70 per cent. of the par value of the stock which he had held. Owing to the insolvency, however, of many of the shareholders, and their consequent inability to meet their assessments, the amount actually collected was less than one-third of the amount required. The present relator, who was a creditor of the insolvent bank for a large amount, requested the Comptroller of the Currency to make a further assessment of 30 per cent. in order to pay the balance still due to the bank's creditors. This the Comptroller refused to do on the ground that the enforcement of such a further assessment would compel the solvent shareholders to pay the sums and proportions due from the shareholders who were insolvent. Such an order, he held, would be unjust and illegal. The relator thereupon applied to the Superior Court of the District of Columbia for a mandamus to compel the Comptroller of the Currency to re-assess the solvent shareholders. The writ was denied. This Court confirms the judgment of the Court below and holds,

First—That the liability of the stockholders of National banks is several and cannot be made joint; that such stockholders were not intended to be put in the relation of guarantors or sureties one for another as to the amount which each might be required to pay.

Second—That the rule to be applied in making an assessment is that each shareholder shall contribute such sum as will bear the same proportion to the whole amount of the deficit as his stock bears to the whole amount of the capital stock of the bank at its par value.

Third—That the insolvency of one stockholder or the fact that he is beyond the jurisdiction of the Court does not in any wise affect the liability of another, and if the bank itself in such a case holds any of its own stock it is to be regarded in all respects as a natural person, and the extent of the several liability of the other stockholders is to be computed accordingly.

Opinion by Justice SWAYNE.

LIABILITY ON A FORGED AND ACCEPTED DRAFT.

The Montreal (Canada) Court of Appeals has decided an important case between the Bank of Ontario and the Union Bank of Lower Canada. About twelve months since an American lawyer named Charles Deton, came to Montreal and opened a small account at the Bank of Ontario. A few days subsequently he called and presented a draft on the Union Bank here from its head office in Quebec for \$2,500, and requested to have it placed to his credit, so that he could draw against it for the purpose of paying for horses

he was purchasing. The paying teller informed him that he could not place it to his account until he sent it to the Union Bank and had it certified, to which Deton assented. The draft was then taken to the latter bank and immediately certified as correct, and the amount paid over in the exchanges to the Bank of Ontario. In the inside of a week the draft was discovered to be a forgery, the amount having been raised from \$25 to \$2,500. In the meantime the depositor had drawn out \$3,400 on account, and had absconded. The Union Bank then demanded the return of the \$5,000, which the Bank of Ontario refused, but offered the balance remaining to the credit of the forger. This the former declined, and entered an action in the Superior Court for the recovery of the full amount. The verdict was for the Bank of Ontario, and on November 24th the Court of Appeals confirmed it on the simple grounds that the defendants had exercised every necessary precaution before accepting or paying the draft, and that any error or want of caution was entirely on the side of the Union Bank. It appeared from the evidence adduced in this case, that up to the time this fraud was perpetrated not a single bank in Canada was in the habit of sending advice by post to a branch when a draft was issued upon it, as has long been the case in Great Britain. The practice, however, is now universal in all banks in the Dominion, and it will put an end to all such frauds as that of Deton, who, it may be stated, has never been captured or punished.

USURIOUS INTEREST IN NEBRASKA.

OMAHA, Neb., Dec. 8.—One of the most important suits before the United States Circuit Court in this district for years was tried last week before Judge Dundy (United States District Judge holding Circuit Court sessions) and a jury. It is not only important in itself, but it opened the way for future litigation and judgments against almost every banking institution in the State. The title of the case was *John I. Redick v. The First National Bank of Omaha*. Messrs. Redick & Redick and Albert Swartzlander appearing for the plaintiff and Messrs. J. M. Woolworth, A. J. Poppleton and J. C. Cowin for the bank. All these gentlemen are men of acknowledged legal ability.

The plaintiff, Redick, had been for a long time a customer of the bank, and about December, 1875, the bank held Redick's individual paper for about \$12,000. Redick applied to the bank for an extension of time on the paper, and an arrangement was made by which Redick took up his own paper and gave in payment thereof four notes of one Sievers, due respectively in one, two, three and four years, and the bank discounted these notes at the rate of 12 per cent. per annum for the full time they had to run. The plaintiff claimed that the transaction was usurious, and in violation of the laws of Nebraska and the National Banking Act, and therefore brought suit against the bank to recover twice the amount of all interest so taken. The law of Nebraska does not allow a greater rate than 12 per cent. per annum for a period longer than one year.

The defendant claimed that the notes were not discounted, but bought outright, both the President and Cashier swearing that the notes were bought unconditional, and that the transaction was not a loan or forbearance, and further that they purchased paper like that every day. The case was ably argued. The instructions of the Court to the jury were able and carefully given. Paragraph IV was as follows: "The payment and receipt of an unlawful rate of interest is of itself *prima facie* evidence of a corrupt agreement; and this being shown, the burden of proof is on the defendant to make it appear that there was no corrupt interest. Although the defendant might not have intended to violate the statute, yet if too much interest was taken upon a mistaken supposition that its mode of calculating discount was lawful, this would not be a mistake of fact which could excuse or relieve the defendant, but it would be a mistake of law for which the defendant would be held responsible; and the agreement would be corrupt in law whatever the actual intention of the defendant may have been as to taking unlawful interest, no mistake of fact such as error being shown." This instrument would seem to apply to any State.

The jury, after being out twenty-eight hours, found that the bank had taken \$3,006.66 interest on a usurious transaction, and accordingly brought in a verdict in favor of the plaintiff for twice that sum, \$6,013.32.—

[Correspondence of the Burlington (Iowa) Hawkeye.]

THE PURCHASE OF NOTES BY A NATIONAL BANK DECLARED ILLEGAL.

COURT OF APPEALS OF MARYLAND, APRIL TERM, 1880,

Jesse Lazaer v. The National Union Bank of Baltimore.

Judge GRASON delivered the opinion of the Court.

This case was argued and decided by this Court at the April Term, 1879, and is now before us again upon a re-argument granted upon the motion of the appellee. The re-argument was asked only upon the appellant's seventh prayer, which was based upon the theory that the note of Lazaer Brothers for \$5,000, dated June 22d, 1872, which was obtained by the appellee from Winchester & Sons, note and bill brokers, *was not discounted but purchased*. That such purchase was not authorized by the Banking Act, and consequently that the appellee acquired no title to the note, and could not recover upon it. This question was most thoroughly and ably discussed by the counsel of the respective parties, and after a very careful consideration of the case it was held that the appellee acquired the note in question by *purchase*, and not by *discount*; that such purchase was not authorized by the Banking Act, and that the appellee acquired no title to the note and could not recover upon it. This question has again been very fully argued upon notes filed by the counsel of the respective parties, and has again been carefully considered and a majority of the Court concur in the opinion heretofore filed in the case, and the conclusions therein reached. The judgment appealed from will, therefore, be reversed, and a new trial awarded.

Judgment reversed and a new trial awarded.

[The principles on which this decision is founded will shortly come up for review before the United States Supreme Court in a case appealed from Nebraska, involving the question of usury upon a promissory note purchased. There is a conflict of opinion in the State Courts. In Kansas and Ohio it has been held that the purchase of notes is valid. See *Pape v. Capital Bank of Topeka*, 20 Kansas 440, and *Smith v. Exchange Bank*, 26 Ohio 141.

On the other side are cited *First National Bank v. Harris* (Thompson's Cases 590); *Niagara County Bank v. Baker* (15 Ohio 68); *Hoffman v. John Hancock Mutual Life Ins. Co.* (92 U. S. 161); *Leach v. Hale*, (Thompson's Cases 466); *Wiley v. First National Bank* (47 Vermont 546); *Matthew v. Skinner* (62 Mo. 329); *Kansas Valley National Bank v. Revell* (Thompson's Cases 264); and especially *Farmers and Mechanics' Bank v. Baldwin* (23 Minn. 198), and *National Bank of Rochester v. Peirson* (Thompson's Cases 637). In the last cited case the Court say, Judge Cornell giving the opinion:

"It was an ordinary case of note-shaving, pure and simple, for purposes of gain alone, outside the circle of any legitimate banking business, and foreign to any purpose for which those institutions are established. No loan was made or intended, nor was there any discount in the ordinary and legal acceptance of that term as applied to the business of banking."

In the Minnesota case of *Farmers and Mechanics' Bank v. Baldwin*, the Court say: "That a power to carry on the business of banking by discounting promissory notes is not a power to purchase such notes, but to loan money thereon. . . Having no corporate capacity to make the contract of purchase, the plaintiff never acquired any title to the note in suit, and the attempted act of purchase was strictly *ultra vires* and conferred no rights whatever." (23 Minn. 198).

A valuable and suggestive note on this question is given by Comptroller Knox in his report for 1880, page 83. We presume the Maryland case above reported will go up on appeal to the United States Supreme Court, and will be argued at the same time with that from Nebraska.—Ed. B. M.]

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CHECKS IMPERFECTLY DRAWN.

A party draws a check on us as follows, viz.:

Pay to Mr. Palmer, or order, \$30.00.

Our tellers cannot agree as to how this check can be indorsed and paid by the bank without risk. One thinks the check cannot safely be paid, under any circumstances, in its present condition. The other holds that if Palmer, or his agent, were properly identified and should endorse this check in the full name, we could surrender it as a legal voucher (even if Palmer, or his agent, had no pecuniary responsibility, and we could not recover from them), if the drawer of the check refused to accept the voucher for lack of indorsement. What would you consider the bank's proper and safe course upon presentment of such a check?

REPLY.—The proper course in such a case as this is to refuse to honor the check until the person presenting it proves to the satisfaction of the bank that he is the "Mr. Palmer" intended; or, if the check is presented by a third person with the indorsement of the payee, either as "Mr. Palmer," or in his full name, until it is shown that the indorsement was made by the "Mr. Palmer" to whom the check was given. The best way would be to have the necessary facts proved by the drawer himself. A customer who draws checks in this ambiguous way cannot complain that his checks are not honored without some explanation; and to him alone does the bank owe any duty to the check when it is presented. Such a check, if paid to, or upon the indorsement of, "Mr. Palmer" to whom it was given, is a good voucher against the customer for the amount paid upon it, whether it be indorsed by the payee in his full name, or as "Mr. Palmer" simply. But whether or not the indorser is the real "Mr. Palmer" is a fact which the bank takes the risk of proving by making the payment. We think the customer has no right to impose this burden upon the bank, and that no prudent bank should suffer him to do so.

It may possibly be said that a check payable to the order of "Mr. Palmer" is payable to any "Mr. Palmer," and that the customer should be bound by a payment to any "Mr. Palmer," because he should be responsible for the ambiguous expression; but, in the absence of any decisions upon the matter, the safer course is the one we have indicated.

II. RIGHT OF A CASHIER TO ACT AS NOTARY.

Can a *Cashier*, who is also notary public, protest discounted or collection paper held by his own bank?

Must a certificate of protest bear a notary's seal?

REPLY.—There is no general rule of law which forbids a Cashier acting as a notary public in protesting paper held by his bank, and he may therefore do so unless prevented by statute. We believe that in some States such statutes have been passed, but they are not numerous. As we have pointed out before, it has been said by a high authority, that a bank which employs one of its own officers to act as notary, becomes responsible for his performance of his duties. If this be so, it may fairly be considered an objection to the policy of allowing the Cashier to act in this capacity. The certificate of protest should be sealed by the notary in all cases. This would not be absolutely necessary if the notary were present in person to testify to his protest (in case it must be proved in court); but, in the absence of the notary, the presence of his seal upon the certificate is essential to the recognition of the certificate by the court as proof of the facts stated in it.

FINANCIAL MATTERS AT WASHINGTON.

At the meeting of the Ways and Means Committee of the House, December 7, the Refunding bill was taken up, and after some discussion of the subject, a motion was made by Representative Tucker, of Virginia, and unanimously carried, that the chairman be authorized to amend the Refunding bill now pending before Congress by inserting "three per cent." wherever the words "three and one-half" occur.

In the Senate, December 7, the following bills were introduced:

By Mr. McDonald (Indiana)—Authorizing the local taxation of the legal-tender Treasury notes of the United States. It is provided that the tax imposed on any such legal-tender Treasury notes shall not be at a greater rate than is assessed or imposed upon gold or silver coin of the United States in the hands of individuals.

By Mr. Ingalls (Kansas)—To authorize the issue of \$10,000,000 fractional notes, and provide for the exchange and redemption of fractional notes.

In the Senate, December 8, Mr. Kernan, of New York, introduced a bill giving holders of shares in National banks, on which taxes adjudged to be illegal by the United States Supreme Court have been collected, one year from the date of the passage of the bill, to commence proceedings to recover back sums so paid.

In the House, December 8, Mr. Buckner, of Missouri, chairman of the Committee on Banking, introduced the following as a substitute for the Funding bill, and it was referred to the Committee on Ways and Means:

"Be it enacted, etc.: *First*—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 thereof, the Secretary of the Treasury is hereby authorized to issue Treasury notes of the United States in the amount of not more than \$600,000,000 in denominations of not less than \$10, and bearing interest at a rate not exceeding four per cent. per annum, of which said notes not more than \$60,000,000 shall mature each year from the date of their issue, and said notes shall be disposed of by the Secretary of the Treasury at not less than par, and the proceeds thereof shall be applied to the payment of the five and six-per-cent. bonds of the United States maturing

during the year 1881; or the Secretary may exchange the said Treasury notes for the said bonds on such terms as he may deem most advantageous to the United States.

"*Second*—That the Secretary of the Treasury is authorized to make suitable regulations for disposing of said Treasury notes to the best advantage to the Government, and all expenses attending the same shall not exceed one-quarter of one per cent. of the notes so disposed of or exchanged.

"*Third*—That the sum of \$100,000,000 of the coin in the Treasury of the United States be set apart as a fund for the redemption of the notes known as legal-tender notes, and any surplus of coin over and above said sum and belonging to the United States, remaining in the Treasury, shall be used by the Secretary of the Treasury in the purchase or redemption, on account of the sinking fund, of any of the said six-per-cent bonds maturing in the year 1881."

In the House, December 9, Mr. Kelley introduced a bill, which was referred to the Committee on Ways and Means, to repeal the taxes on bank checks, matches, medicines, bank capital and bank deposits.

In the House, December 13, Mr. Kelley, of Pennsylvania, introduced a bill providing for the payment of the bonds falling due in 1881, but subsequently withdrew it, stating that he would offer it as a substitute for the Funding bill when that bill was under consideration.

Mr. Kelley's bill authorizes the issue of \$400,000,000 of Treasury notes, of denominations not less than \$10, and bearing three per cent. interest, redeemable at pleasure after July 1, 1882. Also, \$237,000,000 of similar notes, redeemable at pleasure after July 1, 1885. These notes to be sold, and proceeds applied to redemption of fives and sixes, or exchanged for them. The expenses and commissions of the operation are not to exceed one-half of one per cent.

It is reported that the Finance Committee of the Senate voted, December 14, to take no action on refunding until a bill on that subject was received from the House.

In the House, December 14, a motion of Mr. Wood to take up the Refunding bill was carried by a vote of 136 to 90.

Messrs. Buckner and Kelley moved the amendments of which they had previously given notice.

Mr. Gillette (Greenbacker, Iowa) offered as a substitute the bill which he had offered last year, authorizing the Secretary of the Treasury to set apart all surplus coin and paper money which may be in the Treasury, from time to time, as a fund for the payment of the maturing bonds and for the purchase of silver bullion for minting purposes, and imposing an income tax on all net incomes exceeding \$1,500 per annum.

Mr. McMillan (Democrat, Tenn.) offered an amendment providing that the bonds issued under this act shall be subject to taxation.

Mr. Warren (Democrat, Ohio) was in favor of paying the debt, and not of perpetuating it, as this bill proposed to do. He also advocated the substitution of greenbacks for National bank notes.

Mr. Chittenden (Republican, New York) was in favor of the bill as proposed to be amended, by reducing the rate of interest to three per cent, which he believed to be practicable.

In the House, December 16, a resolution was adopted to adjourn from December 22 to January 5.

The Pension bill, appropriating \$50,000,000 was taken up and passed.

Mr. Hubbell (Michigan), who had charge of the bill, made a statement as to the enormous amount of appropriations which was needed to pay the arrearages of pensions. When the bill for the arrears of pensions had been before the House it had been stated that it would only require a few millions. Up to November 1, 1880, the Government had paid out for arrearages alone \$24,600,000. He estimated that there would still be, in round numbers 107,000 arrearages to be paid, which would amount to \$217,000,000, and he wished to call attention to the further fact that the average age of the pensioners of the Government was only 41 years. He criticised the present system of paying pensions. Under the present system, anybody could get a

pension who was willing to take a false oath. The Commissioner had told him that out of the fifty million dollars paid out each year, four millions were paid out fraudulently, and perhaps more.

Mr. Bland (Missouri) asked and obtained leave to have printed in the *Record* a substitute which he proposed to offer for the Funding bill. [It appropriates of the coin now in the Treasury the sum of \$100,000,000 for the payment of the interest-bearing debt of the United States falling due during 1880 and 1881, and directs the Secretary of the Treasury to cause to be coined in the maximum amount of silver dollars in the manner now authorized by law, and to pay out such dollars in the redemption of the public debt. Section 2 repeals all laws authorizing the issuing of bonds for the purpose of funding or redeeming the interest-bearing debt of the United States.]

In the Senate, December 20, the House resolution to adjourn from December 22 to January 5 was agreed to.

The Senate bill refunding the eight-per-cent. improvement certificates of the District of Columbia into fifty-year 3.65 per cent. bonds, guaranteed by the United States, was amended, on motion of Mr. Allison, so as to make the rate of interest three per cent., and passed. The amount is about \$891,000, and the bonds are to date from August 1, 1874, and be in all respects similar to the 3.65 bonds heretofore issued.

In the House, a motion to suspend the rules for the purpose of considering a bill to repeal the tax on bank checks was lost—yeas 129, nays 68; not two-thirds.

Mr. Levi P. Morton (N. Y.) introduced the following bill for the repeal of the tax on bank checks and bank deposits:

Be it enacted, etc. *First*—That the first subdivision of section 3,408 of the Revised Statutes of the United States be and the same hereby is repealed.

Second—That section 3,418 of the Revised Statutes of the United States be and the same hereby is repealed.

Third—That section 5,214 of the Revised Statutes of the United States is hereby amended so as to read as follows:

SECTION 5,214. In lieu of all existing taxes every association shall pay to the Treasurer of the United States, in the months of January and July, a duty of one-half of one per cent. each half year upon the average amount of its notes in circulation, and a duty of one-quarter of one per cent. each half year on the average amount of its capital stock beyond the amount invested in United States bonds.

In the Senate, December 21, Mr. Beck introduced a bill to repeal all laws which impose taxes on the capital of and deposits with banks and bankers, and also repealing the law requiring the use of stamps on bank checks.

Also, to authorize the issue of legal-tender notes of the United States upon the deposit of gold.

In the House, the Refunding bill was further discussed. Motions by Mr. Wood to terminate debate in one hour, and in two hours, were voted down. Messrs. Gillette and Weaver, of Iowa, Bland, of Missouri, and Mills, of Texas, opposed the bill on account of the long-bond feature. Mr. Dunnell, of Minnesota, was understood as supporting the bill in its present form. Mr. Randall (the Speaker) argued in favor of amending it so that all the new bonds should be redeemable inside of ten years.

In the Senate, December 22, Mr. Bayard introduced a bill to amend the National Banking laws. The bill proposes to amend section 5,171 of the Revised Statutes so that any banking association making the required deposit of bonds shall be entitled to receive circulating notes equal to but not to exceed 90 per cent. of the par value of the bonds deposited, and that at no time shall the total amount of circulating notes so issued exceed the amount actually paid in of its capital stock. It is also proposed to repeal section 5,176 of the Revised Statutes, which provides that no banking association organized subsequent to July 12, 1870, shall have a circulation in excess of \$500,000.

In the House, it was ordered that when the funding bill is next taken up debate upon it shall be limited to one day.

BANKING AND FINANCIAL ITEMS.

The *Banker's Almanac and Register* for 1881, is now in press, and will be ready early in January. The orders of subscribers are filled before the work is issued to the general public. Price, with July Supplement, Three Dollars. Single edition, Two Dollars.

THE COMMISSIONER OF PENSIONS calls for additional appropriations to the amount of about \$18,300,000 for payment of pensions during the current fiscal year. Of the \$31,475,000 appropriated, nearly \$26,000,000 had been drawn from the Treasury and paid to pensioners up to December 1.

The Secretary of the Treasury estimated that the sinking-fund laws will require the payment of \$520,904,707 of the public debt during the ten years ending June 30, 1891. At least therefore, so much of the debts falling due this year must be left redeemable within those ten years, or otherwise the Government will be subjected to the payment of exorbitant premiums in the purchase of bonds not due.

A Washington dispatch (Dec. 3) to the *New York Tribune*, says of Senator Morrill, of Vermont, that he "thinks any attempt on the part of this Government to fix a new silver standard without the concurrence of European nations would be unwise. While in Paris last summer he had an opportunity of examining letters which Mr. George Walker, the American Consul-General at Paris, had received from financiers in all parts of Europe, from which he gathered that there would be little difficulty now in securing the co-operation of all the great European powers except Great Britain in fixing an international relative standard for silver."

DIVIDENDS OF INSOLVENT BANKS.—The Comptroller of the Currency has declared the following dividends to the creditors of insolvent National banks:

	Per cent.	Total dividend.
Lock Haven National Bank, of Lock Haven, Pa., 9th dividend.	10	90 per cent.
City National Bank, of Chicago, Illinois, 6th dividend.....	7	77 "
German National Bank, of Chicago, Illinois, 4th dividend.....	15	70 "
Nat'l B'k of the State of Missouri, St. Louis, Mo., 10th dividend..	5	95 "
First National Bank, of Warrensburgh, Mo., 5th dividend.....	25	100 "

GEORGIA.—The Railroad Commissioners of Georgia have issued an order reducing passenger rates in the State to three cents per mile, after February 1. They are now said to be about five cents. The companies affected by the order propose, it is said, to organize a "railroad party" to procure a rescinding of this order. That might lead to an opposing, and, perhaps, more numerous organization, to be styled a "railroad passengers' party."

The *Atlantic Constitution* says, that since the beginning of the actual geological survey of Georgia, five years ago, fifty gold mills, with 500 stamps, have been put into actual operation in Georgia, representing a capital of nearly \$500,000, brought into the State from the North and West.

LOUISIANA.—On December 8, Judge Monroe ordered an injunction to be issued in the case of *Hart versus The State Treasurer*, ordering the State Treasurer not to divert the interest fund to the general fund, as authorized by a section of the State-debt ordinance, passed by the Constitutional Convention, on the ground that the said section violates or impairs the contract between the State and its creditors.

Experiments in Louisiana, the past season, in jute culture have been so successful that the New Orleans papers predict that in a few years jute will rival cotton in the South, wherever an abundant supply of water is to be had.

MASSACHUSETTS.—The Commissioners of the Massachusetts Savings banks, in their report of the condition of the 164 Savings banks in this State, state that the whole amount of interest or profits received or earned during the past year is nearly \$12,000,000, and the percentage of the earnings to the total assets is 5 $\frac{1}{8}$. Eight banks paid no dividends, five being temporarily enjoined, and in three, payments to depositors were limited.

The report shows the following comparisons:

	1879. 166 banks.	1880. 164 banks.
Open accounts.....	675,555	706,395
Deposits.....	\$206,378,709	\$218,447,922
Accounts opened during the year.	74,742	109,030
Surplus on hand.....	\$4,301,775	\$4,758,194

MISSOURI.—The bonded debt of Missouri, as shown by the official reports, is \$16,258,000, not including \$3,000,000 in bonds issued to the Hannibal and St. Joseph Railroad, for which that road is responsible, and \$250,000 revenue bonds.

The shipment of grain from St. Louis down the Mississippi in 1880 was fifteen million bushels, as compared with six million bushels in 1879.

PENNSYLVANIA.—The Governor of Pennsylvania announces that the debt of that State was reduced \$628,679 during 1880.

A dispatch from Philadelphia (Dec. 16) states that Messrs. Drexel & Co. have concluded negotiations for the placing of \$5,000,000 five-per-cent. bonds of the Philadelphia and Erie Railroad Company, guaranteed by the Pennsylvania Railroad Company.

RAILROADS.—The Railroad and Warehouse Commissioners of Illinois make a showing of astonishing prosperity in the railroad business of Illinois during 1880. The returns are complete, except from the Baltimore and Ohio and the St. Louis and South-Eastern roads, and show that the forty-six roads doing business in the State have earned during the year ending June 30, \$139,000,000. Expenses were \$73,000,000, and the net income \$61,000,000. The passenger business paid \$34,000,000, and freight \$101,000,000. There were 217 persons killed and 706 injured by the roads. The highest gross earnings in any previous year were in 1879, when they were \$110,000,000, and in the same year the net earnings were \$47,000,000. Six of the roads carried over 9,000,000 passengers in one year. Some of the roads doubled their net earnings over the preceding year.

Lieutenant-Governor Weston has instructed Manager Gardner, of the Troy and Greenfield Railroad, to have the Hoosac Tunnel lighted by electricity, the illumination to be made permanent if successful.

The Denver and Rio Grande narrow-gauge railway has 600 miles in operation, which is expected to be doubled this year. Six different branches, or extensions of branches, are now under construction.

The American National Board of Trade met in Washington December 15. The annual report of the Executive Council favors reciprocity with Canada and a repeal of the navigation laws. In respect to currency matters, the report says: "The Board will probably at this time indicate a limitation, beyond which the coinage of silver should be checked; it has already declared itself in favor of the gradual withdrawal and funding of the greenback currency."

The first shipment of cattle to Europe from Baltimore was made in November, 1878. In 1880 to December 15, the shipment reached 10,495 head, principally from South-Western Virginia.

CANADA.—The revenue of the Dominion for November was \$2,375,056; for the four months ending October 31, \$9,650,314; total \$12,025,370. The total revenue for the same five months in 1878, was \$9,159,202; in 1879, \$8,965,216.

The Montreal *Journal of Commerce* says these duties are not paid by the City of Montreal, but by the Canadian consumers of the imported goods. To a considerable extent, they are in fact not paid by either, but by the foreign producers of the goods.

The figures of Montreal importations for the last three years are as follows:

	<i>Imports.</i>	<i>Duties.</i>
1878.....	21,034,197 ..	3,183,790
1879.....	19,396,520 ..	3,893,535
1880.....	26,057,726 ..	5,401,056

The shareholders of the Consolidated Bank of Montreal have voted by a large majority not to employ the funds of the bank in prosecuting the ex-directors. At a subsequent meeting of the minority it was resolved to take proceedings against the ex-directors at their own expense.

The Montreal *Gazette*, of December 9, says, that it has good authority for stating that the Finance Minister has under consideration a scheme for calling in the Dominion fives, which become due within the next few months, and replacing them by fours.

FOREIGN.—A dispatch from Paris states that a "Panama bank" has been organized there with a capital of \$ 2,800,000.

Of the subsidiary silver coinage of Germany, there are 14,330,124 pieces of the denomination of five marks, or \$ 1.25, and therefore one-fourth heavier than the Mexican or United States dollar.

The loss to the Russian revenue by the abolition of the tax on salt will be covered by an increase in the duty on foreign manufactured goods and the imposition of a tax on patents. An income tax is also contemplated.

The *Mark Lane Express*, of December 6, says of British importations of breadstuffs: "Even the Russian contingent is not much smaller than last year, while the Australian and Indian supplies are liberal. If the present position is maintained for another six weeks a very material portion of American surplus of breadstuffs will find no market."

During the first ten months of 1880, the value of the printed books exported from Great Britain was £ 787,436.

A Swiss company has purchased two extensive tracts of land in the eastern townships of Quebec, and intend bringing out immigrants to settle them.

One hundred millions hectoliters or about 275,000,000 bushels, is considered a good average wheat crop in France, and was formerly considered to be sufficient for the consumption of the country and for seed for the next crop. At present, from the greater use of wheat, the amount needed for consumption and seed is estimated at 115,000,000 hectoliters. The crop of 1880, as now officially reported, was 101,753,836 hectoliters. On these figures France will require before the next harvest a wheat importation of 13,246,164 hectoliters, or 36,426,951 bushels.

Great Britain now imports 37,000,000 eggs annually from the Piedmont and Venetian provinces of Italy, where the effect has been to raise the price from one cent to more than two cents.

The appeal by the defendant in the case of *Jewett vs. McHenry* was decided in London, December 6. The Court of Appeals upheld the decision of the Master of the Rolls ordering McHenry to pay £ 400,000 to the receiver of the Erie Railway Company. It also decided that McHenry is not entitled to commission on moneys raised by him for the Erie Company.

The census just taken in Berlin shows the population, including the garrison, to be 1,118,630, being 16 per cent. above the population of 1875, and having more than doubled since 1860.

The late Herr Isidor Kraft, of Berlin, a wealthy philanthropist, has left behind him a will which provides that half of his fortune of 1,000,000 marks shall be expended in the foundation of a fund for the assistance of poor needlewomen, without regard to sect.

The French Government has decided to propose to the Chamber of Deputies to sell such of the crown jewels as possess no historical value. It is estimated that the sale would produce the sum of 5,000,000 francs, which would be devoted to extending and improving the national museums.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from December No., page 478.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEW YORK CITY. Mercantile Nat'l B'k..	George W. Perkins, <i>Pr.</i>	I. Odell.
CAL.... Farmers' Bank, Wheatland..	T. S. Ewing, <i>Pr.</i>	D. P. Durst.
	William Lumbard, <i>Cas.</i>	W. W. Holland.
CONN... City National Bank, Bridgeport.	T. L. Bartholomew, <i>Cas.</i>	J. F. Fayerweather.
IND First National Bank, Elkhart...	J. R. Beardsley, <i>Pr.</i> .....	.....
" .. Marengo Sav. Bank, Marengo..	A. B. Eshleman, <i>Cas.</i>	J. B. Haddock.
KY..... Falls City Tobacco B., Louisville	William Tillman, <i>Cas.</i> ...	R. B. Alexander.*
MASS... First Nat'l Bank, Chicopee.....	Emerson Gaylord, <i>Pr.</i>	J. Wells.
MICH... Farmers' & Mechanics' Bank, } Grand Rapids }	I. M. Weston, <i>Cas.</i>	J. G. Darragh.
MO..... Fars. & Merch. B'k, Hannibal..	John H. Garth, <i>Pr.</i>	G. A. Hawes.
MONT.. First Nat'l Bank, Fort Benton..	Robert A. Luke, <i>Actg Cas.</i>	E. G. Maclay, <i>Cas.</i>
N. H.. Farmington N. B., Farmington	James B. Edgerly, <i>Cas.</i> ...	T. F. Cooke.
" .. Rochester Nat'l B'k, Rochester.	H. M. Plumer, <i>Cas.</i>	F. McDuffee.
" .. Norway Plains Savings Bank...	H. M. Plumer, <i>Tr.</i>	F. McDuffee.
OHIO... Third Nat'l Bank, Cincinnati..	George Wilshire, <i>Pr.</i>	O. Perin.*
R. I. American Nat'l B., Providence.	Horatio A. Hunt, <i>Cas.</i> ...	W. Olney.
" .. First National Bank, "	Cyrus E. Lapham, <i>Cas.</i> ...	H. A. Hunt.
VA.... Merch. Nat'l Bank, Richmond..	John P. Branch, <i>Pr.</i>	T. Branch.

* Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from December No., page 479.)

<i>No.</i>	<i>Name and Place.</i>	<i>President and Cashier.</i>	<i>Capital.</i>	<i>Authorized.</i>	<i>Paid.</i>
2498	Nat'l Bank of Cambridge... Cambridge, Md.	William H. Barton, Jr....		\$ 50,000	\$ 30,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from December No., page 480.)

NEW YORK CITY.....	Robins, Powell & Co.; William Powell deceased. Thomas Robins, Jr., and Fitch W. Smith continue. Same style.
COL.... Alamosa.....	F. F. Struby & Co.; succeeded by F. Lehmer & Co.
ILL.... Petersburg.....	Brahm & Greene; now J. A. Brahm.
IND New Castle.....	Bundy National Bank; closing.
IOWA... Des Moines.....	Iowa Loan & Trust Bank; discontinued.
OHIO... Cincinnati.....	Bank of Cincinnati; absorbed by Citizens' National Bank
PENN... Franklin.....	Lamberton Savings Bank; dissolved. Continued. Same title and correspondent. Harry Lamberton, <i>Cas.</i>

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from December No., page 479.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
NEW YORK CITY.....		Mount Morris Bank, 125th St. near Lexington Av. A. P. Ketchum, <i>Pr.</i> Thomas W. Robinson, <i>Sec.</i>	
CAL.....	Riverside.....	Riverside Bank (Dyer Brothers.)	
COL.....	Buena Vista ...	Hiller, Hallock & Co.....	Amer. Exch. Nat'l Bank.
" ..	Poncho Springs	Arkansas Valley B. (Dewalt, Hartzell & Co.)	Kountze Bros.
" ..	Robinson	Ordean, Myers & Co	Kountze Brothers.
IOWA ..	Algona	Bank of Algona	Gilman, Son & Co.
" ..	Gowrie	Webster County Bank	A. A. Call, <i>Pr.</i> V. H. Stough, <i>Cas.</i>
		Wilber F. Swayze, <i>Pr.</i> Wm. Wallace Swayze, <i>Cas.</i>	Preston, Kean & Co., <i>Chicago.</i>
KANSAS.	Concordia.....	Concordia State Bank.....	Corbin Banking Co.
" ..	Logan	C. W. McDonald, <i>Pr.</i> L. E. McDonald, <i>Cas.</i>	State Sav. Bank, <i>St. Jos., Mo.</i>
" ..	Newton	Bank of Logan	J. J. Wiltrout, <i>Pr.</i> George M. King, <i>Cas.</i>
		Newton City Bank.....	Chase National Bank.
		\$ 10,000 S. Lehman, <i>Pr.</i> G. W. Holmes, <i>Cas.</i>	
MD.....	Cambridge.....	Nat'l Bank of Cambridge..	
		\$ 50,000 William H. Barton, <i>Pr.</i> William H. Janney, <i>Cas.</i>	
MICH... Lake View.....	A. R. Mather.....		Metropolitan Nat'l Bank.
MO.....	Butler	Exchange Bank.....	Donnell, Lawson & Simpson.
		(Walton, Dutcher & Co.)	William E. Walton, <i>Cas.</i>
NEV... Candelaria.....	Esmeralda County Bank..		Wells, Fargo & Co.
		H. Wadsworth, <i>Pr.</i> E. B. Cushman, <i>Cas.</i>	
N. M... Springer.....	Porter & Clouthier.....		Bank of Kansas City, <i>Mo.</i>
OHIO... Attica	Lester Sutton.....		Amer. Exch. Nat'l Bank.
" ..	Lorain	Bank of Lorain..... (T. F. Daniels, <i>Cas.</i>)	Fisk & Hatch.
TEXAS.. El Paso.....	Bank of El Paso..... (S. P. Young & Co.)		Swenson & Son.
" ..	San Marcos.....	Frank R. Malone.....	S. M. Swenson & Son.
Wis... Arena.....	W. H. Jones.....		Marshall & Ilsley, <i>Milwaukee</i>
" ..	Gratiot	Gallagher & Co.....	
ONT... Alliston	T. R. Fuller & Co.....		Watson & Lang.
" ..	Oakville.....	Scott's Banking House (C. Tait Scott.)	Mechanics' Nat'l B'k.

OBITUARY.

JAMES M. MORRISON died on December 18th, at his home in this city. Up to October, 1879, he was President of the Bank of the Manhattan Company, with whose management he had been connected for more than forty years. He was born in New Orleans in 1805, and was of Scotch parentage. His mother, who was a native of Aberdeen, took him to Scotland when he was a boy, and he was given a plain but substantial education in one of the Scotch schools. He returned to this country in 1825, and eight years later entered the Merchants' Bank. In 1838 he was appointed second teller in the United States Bank. Two years later he was first teller in the Bank of the Manhattan Company and in a short time was made cashier. His labors in connection with the bank were assiduous, all his efforts being given to improving its stock, which was then worth only from forty-five to fifty cents on the dollar. In 1860 he was elected president. Owing to failing health, Mr. Morrison, by advice of his physician, withdrew from the presidency of the bank on the 1st of October last year, but continued to be associated with the institution as a director. He was prudent and prosperous, and neither made large gains nor suffered heavy losses by speculative enterprises.

NOTES ON THE MONEY MARKET.

NEW YORK, DECEMBER 24, 1880.

Exchange on London at sixty days' sight, 4.80 to 4.80½ in gold.

The financial situation presents several new features of importance. Among them are the activity in the loan market, and the depletion of the cash reserves of our banks, which have tempted the "tight-money cliques" to use artificial means to disturb the operations of borrowers and lenders, with the usual results, that a large "commission" has been charged on much of the call loan business done, and there has been a more general demand for a repeal of the mischievous usury laws to which the heavy burden imposed by the "commission" above referred to is ascribed. But for these laws which limit the legal rates on loans to six per cent., the market would move as freely and work as smoothly when money was worth more than six per cent., as when it is quoted at lower rates. This is proved by the experience of European countries which have repealed their penalties for usury, and the effort to secure similar beneficial legislation in this State, which is to be renewed at Albany this winter, will, it is hoped, be successful.

In forecasting the future of the money market much stress is laid upon the effect of the payments of the January interest and dividends, which will pour out a large sum of new capital into the channels of productive enterprise and speculation. The interest on the public debt due 1 January, will be prepaid from the 27th December. Its aggregate is \$15,000,000, while the other disbursements from the Treasury will amount to about \$10,000,000 on maturing bonds, and meanwhile our money market will be less dependent on the foreign imports of gold for its bank reserves of cash, and the facilities for a manipulation of the money market will be less under the control of the cliques, so that the outlook is regarded as favorable. Subjoined are our usual tables, which show the fluctuations in the reserves and the other items for several weeks past, in the New York Clearing House:

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
Dec. 4.....	\$ 305,701,100	\$ 54,530,600	\$ 12,036,700	\$ 18,471,400	\$ 276,132,700	\$ 2,461,875
" 11.....	293,959,200	53,933,200	12,579,900	18,485,200	266,385,200	83,200
" 18.....	293,372,600	55,677,800	13,318,400	18,474,100	267,629,900	2,088,725

The Boston bank statement for the past four weeks is as follows:

1880.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Nov. 22.....	\$ 151,433,200	\$ 7,902,300	\$ 3,012,300	\$ 99,550,300	\$ 30,569,200
" 27.....	151,433,200	7,515,100	3,436,000	98,371,300	30,616,400
Dec. 4.....	152,031,600	6,915,000	3,306,700	97,342,800	30,628,700
" 11.....	149,148,400	6,604,900	3,132,000	97,659,500	30,568,200
" 18.....	147,934,000	6,168,600	3,174,400	89,343,900	30,643,700

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

1880.	Loans.	Reserves.	Deposits.	Circulation.
Nov. 29.....	\$ 74,961,122	\$ 19,440,299	\$ 66,832,462	\$ 12,192,735
Dec. 6.....	75,082,036	17,962,749	64,824,921	12,196,038
" 13.....	73,612,776	16,164,055	61,289,872	12,202,875
" 20.....	72,940,463	16,171,626	60,700,959	12,221,825

* Deficiency.

Government bonds are fairly active, the transactions being chiefly in the $4\frac{1}{2}$ per cents, the four per' cents, and the sixes of 1881, which are in demand, though the funding bill discussions in Congress are variously interpreted. The Wood bill authorizing a three-per-cent. refunding bond is believed to have less prospect of passing than was anticipated, as it is opposed by a powerful combination consisting partly of men who, for various reasons, do not desire to refund the maturing bonds, and partly of men who hold that a three-per-cent. bond would cause a mischievous contraction of the circulation of the National banks. We give below a list of the outstanding Government bonds, with the aggregate reported as outstanding on the debt statement for December 1st, 1880:

QUOTATIONS OF GOVERNMENT BONDS.

<i>Title of Loan.</i>	<i>Last sale.</i>	<i>Rate of Interest.</i>	<i>Redeemable after.</i>	<i>Amount outstanding.</i>
Loan of February, 1861 ('81s), Reg'd.....	104 $\frac{1}{4}$	. 6 per cent.	Dec. 31, '80	\$ 10,888,000
" Coupon.....	104 $\frac{1}{4}$	. 6 "	" "	2,526,000
Oregon War Debt, Reg'd.....	—	. 6 "	July 1, '81	—
" Coupon.....	—	. 6 "	" "	711,800
Loan of July and August, 1861 ('81s), Reg'd..	101 $\frac{1}{4}$	. 6 "	June 30, '81	108,907,600
" Coupon.....	104 $\frac{1}{4}$	. 6 "	" "	36,878,900
Loan of 1863 ('81's), Reg'd.....	101 $\frac{1}{4}$	. 6 "	June 30, '81	46,276,100
" Coupon.....	104 $\frac{1}{4}$	. 6 "	" "	11,511,150
Funded Loan of 1881, Reg'd.....	101 $\frac{1}{4}$	. 5 "	May 1, '81	501,050,400
" Coupon.....	101	. 5 "	" "	168,600,650
Funded Loan of 1891, Reg'd.....	111 $\frac{1}{4}$	. 4 $\frac{1}{2}$ "	Sept. 1, '91	174,512,900
" Coupon.....	111 $\frac{1}{4}$	. 4 $\frac{1}{2}$ "	" "	75,487,100
Funded Loan of 1907, Reg'd.....	112 $\frac{1}{4}$	. 4 "	July 1, 1907	534,246,250
" Coupon.....	113 $\frac{1}{4}$	. 4 "	" "	204,122,350
Total.....				1,690,698,400

State stocks are stronger, there being more demand for several descriptions, in consequence of the industrial progress and increased productive activity present and prospective in the Southwest and in other sections. The issues of North Carolina, Tennessee and Alabama are among the most active. Tennessee sixes, new, have sold at $48\frac{1}{4}$ @ $50\frac{3}{8}$; South Carolina sixes are fundable at $5@6\frac{1}{4}$, and Alabama class A bonds at $73\frac{1}{4}$ @74. Louisiana consols are dull at $53\frac{1}{4}$.

Railway bonds are active, the demand from abroad showing a tendency to increase. The bonds of the best trunk lines have now reached such high quotations that the currents of investment have been in part diverted into other channels, but the supply of capital is so large that the low-priced bonds of roads formerly neglected and in disfavor have attracted considerable attention, and besides these a multitude of new enterprises have been called into existence as is usual in every period of monetary plethora. An analysis of the recently-issued securities admitted to dealings at the New York Stock Exchange, shows that the new bonds amount to \$323,776,739, the preferred stock to \$29,883,800, the common stock to \$351,367,535, giving a total of \$705,028,074. Of course, a part of these new issues have been issued to retire older securities; but a considerable aggregate represent and absorb new capital. Our railroad construction amounts to 5,624 miles this year, against 3,445 miles last year, and the capital absorbed is estimated at \$168,720,000 this year, against \$103,350,000 the year before. This rapid progress elicits

considerable comment, and some of our shrewd observers call attention to its dangers, but the expansion of prices goes on both as to railroad bonds and other securities, and the frequent predictions of a reaction have so often been repeated and disappointed, that they seem to have less power now to influence the public mind than at any time since the recovery from the panic of 1873.

Railroad shares have been excited and irregular, but show more strength, and the coal stocks are unexceptionally active since the depression of a few days ago. Foreign exchange is weak but closes with a better tone and more business doing. Subjoined are the usual quotations:

QUOTATIONS:	Nov. 24.	Dec. 2.	Dec. 9.	Dec. 16.	Dec. 22.
U. S. 6s, 1881, Coup...	104 $\frac{3}{4}$..	104 $\frac{1}{2}$..	104 $\frac{3}{4}$..	104 $\frac{3}{4}$..	104 $\frac{3}{4}$..
U. S. 4 $\frac{1}{4}$ s, 1891, Coup.	112 $\frac{1}{2}$..	111 ..	112 $\frac{1}{2}$..	111 $\frac{3}{4}$..	111 $\frac{3}{4}$..
U. S. 4s, 1907, Coup...	112 $\frac{1}{2}$..	111 $\frac{3}{4}$..	113 $\frac{3}{4}$..	113 $\frac{3}{4}$..	113 $\frac{3}{4}$..
West. Union Tel. Co..	99 $\frac{3}{4}$..	90 $\frac{1}{2}$..	82 $\frac{1}{4}$..	78 $\frac{1}{4}$..	80 $\frac{1}{2}$..
N. Y. C. & Hudson R.	146 ..	142 ..	144 $\frac{1}{2}$..	144 $\frac{1}{2}$..	145 $\frac{3}{4}$..
Lake Shore.....	122 $\frac{1}{2}$..	120 $\frac{3}{4}$..	122 $\frac{1}{2}$..	127 $\frac{3}{4}$..	131 ..
Chicago & Rock Island	124 $\frac{3}{4}$..	122 ..	125 ..	135 $\frac{1}{2}$..	135 $\frac{1}{2}$..
New Jersey Central...	81 $\frac{1}{4}$..	77 $\frac{3}{4}$..	78 ..	79 $\frac{1}{2}$..	81 $\frac{1}{2}$..
Del., Lack. & West....	101 $\frac{1}{4}$..	101 $\frac{1}{2}$..	102 ..	105 $\frac{1}{2}$..	105 $\frac{3}{4}$..
Delaware & Hudson..	90 ..	87 ..	87 $\frac{1}{2}$..	91 $\frac{1}{4}$..	91 $\frac{3}{8}$..
Reading.....	50 $\frac{1}{2}$..	51 $\frac{3}{4}$..	49 $\frac{3}{4}$..	51 $\frac{3}{4}$..	52 $\frac{3}{4}$..
North Western.....	124 $\frac{3}{4}$..	122 ..	123 $\frac{1}{2}$..	124 $\frac{3}{4}$..	124 $\frac{3}{4}$..
Pacific Mail.....	47 $\frac{1}{2}$..	47 ..	48 $\frac{1}{2}$..	52 $\frac{1}{2}$..	51 $\frac{1}{2}$..
Erie.....	47 $\frac{1}{2}$..	45 $\frac{1}{2}$..	46 $\frac{3}{4}$..	47 $\frac{1}{2}$..	48 $\frac{1}{2}$..
Discounts ..	5 @ 6 ..	5 @ 6 ..	6 @ 7 ..	6 @ 7 ..	6 @ 7 ..
Call Loans.....	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..
Bills on London.....	4.81 $\frac{1}{2}$ -4.83 ..	4.80-4.82 ..	4.79 $\frac{1}{2}$ -4.82 ..	4.79-4.82 ..	4.80-4.83 ..
Treasury balances, coin	\$ 74,881,251 ..	\$ 77,291,649 ..	\$ 77,409,365 ..	\$ 77,057,934 ..	\$ 78,965,871 ..
Do. do. cur.	\$ 4,413,309 ..	\$ 4,326,115 ..	\$ 4,197,683 ..	\$ 4,198,564 ..	\$ 3,973,955 ..

The probabilities of continued specie imports are receiving a large share of attention in connection with the monetary future. If the European banks should decide to adopt the policy of advancing their rates of discount to check the export of gold to this country, the result, as we have heretofore showed, might be mischievous to some important American interests. Accordingly, the indications are watched with considerable anxiety. A statement on this subject by the French Finance Minister, M. Magnin, has attracted much attention. He told the House of Deputies that the export of gold from France was due to bad weather, larger imports of raw materials, and heavy investments of French capital in foreign securities. He added that—

No remedy could be found for this call for gold; but a palliative was sought. The gold which was exported was taken from the bank reserves. The bank might have raised its rate, but the Government agreed to place all its gold received on its own account in the bank and its branches. This enabled the bank to avoid raising the rate higher than 3 $\frac{1}{2}$ %. On the other hand, the bank agreed to issue notes of 100 and of 50 francs. On September 23, the gold reserve of the bank was 725 millions; on October 28, it had fallen to 573 millions—a decrease of 152 millions in a month and five days. From October 28 to December 2, the gold diminished only by thirty-four millions—the total loss being 187 millions since September 23. But, on the other hand, general trade has acquired great extension, which is shown by the *portefeuille* of the bank. On September 23, it was only 687,000,000 francs; on November 30, it had reached the unparalleled figure of 1,018,000,000 francs. Supposing even that all the gold withdrawn had been for the payment of foreign debts, there still remains the difference between the increase of the *portefeuille* of 331,000,000 and that of the gold withdrawn, or 144,000,000. The present gold reserve is 538,000,000 francs. With regard to the amount of gold in the country, the total amount of gold coined in France from 1795 to 1879 was 8,645,000,000 francs. The excess of gold imports over exports in the same time is 6,642,000,000. It may be assumed that the difference of 2,000,000,000 francs has remained inert in the country. The various requirements for gold outside of coinage are very great in France, and the Minister estimated the amount of gold at present in the country at between five and six billions—nearer to five than to six. There is, therefore, no immediate dearth of gold.

These interesting facts have helped to reassure the public mind ; but, on the whole, the indications are that if more effective means should hereafter be adopted to check the efflux of the precious metals to this country, the change will be delayed.

On the 15th of December bills were introduced in the Senate by Mr. Hill, of Colorado, and in the House by Mr. Belford of the same State, for the withdrawal of the \$1 and \$2 greenbacks. It is reported that their object is an increase of the circulation of silver dollars, although some accounts represent them as saying that the measure will cause a large increase of the circulation of quarter eagles. We apprehend that one of its effects would be an increase in the use of the subsidiary silver coins, especially the half-dollar. Public sentiment is at present, however, decidedly against the measure, and there is no probability that it will be entertained by Congress. The bills of Mr. Hill and Mr. Belford both require that the monthly withdrawal of small bills shall correspond with the coinage of silver dollars.

The offerings, December 1, of the 6s of 1880 for the sinking fund, were \$100,000 at 102 $\frac{1}{8}$, which were declined. Later on that day, the Secretary directed purchases of all bonds offered at that price, and the daily purchases made amounted by the middle of December to about \$3,000,000, and were then still continuing.

During December the city of Chicago made large sales at par of its four-per-cent. bonds. One account is, that the denominations below \$100 did not experience a demand relatively so large as was expected.

The section of the refunding bill reported by the House Committee of Ways and Means, which requires that hereafter no bonds excepting the proposed new three per cents. shall be accepted as security for National bank circulation, is regarded here as unwise by persons of all shades of opinion in respect to banking matters. That it would tend to produce a sudden and ruinous contraction of the bank-note circulation is very clear. It would give a forced and unnatural relative value to a particular class of Government securities, to the disparagement of other classes. We do not believe that this section is at all necessary in order to procure the taking of three-per-cent. securities, or would really assist much towards it.

The Boston *Advertiser* says that after June 30, 1881, there will be no bonds "redeemable until September, 1891, ten years distant," and that, as in that case, the Government could not use surplus revenue except to buy up bonds in advance, at heavy premiums, there must be sweeping reductions of taxes. Of course, if the *Advertiser's* policy of funding the debts of 1881 into long bonds is carried out, it will be true enough that after June 30, 1881, there will be no redeemable debt, and that is precisely why we oppose long bonds. If the debts of 1881 are extended in such a way as to reserve the option of the Government to pay within short periods, the suggested difficulty will not arise. The best thing to be done with the present surplus revenue is to maintain it and apply it to the discharge of the National obligations.

Early in December, Messrs. Fisk & Hatch, issued a lengthy circular giving their reasons for believing in the soundness of the following proposition : "We have no doubt whatever that the Government can readily fund the outstanding 5s and 6s of 1881 into three-per-cent. bonds having the two following features, namely (1), thirty to fifty years to run, and (2) payable, principal and interest, in United States gold coin of the present standard."

It can hardly be worth while to discuss such a proposition, inasmuch as no bill containing either of the suggested "features" can command half a dozen votes in Congress.

In respect to the best mode of providing for the United States debts falling redeemable this year, *Bradstreet's*, of December 8, says: "It is believed that the part of wisdom will be to issue serial bonds at the lowest possible rates of interest, redeemable in accordance with the ability of the Treasury to pay from year to year."

The United States bonds redeemable in 1881 aggregate \$671,917,600, consisting of \$202,266,550 of 6s and \$469,651,050 of 5s.

Considerable quantities of gold are deposited at Treasury offices, to be paid for by the delivery of silver certificates at other Treasury offices. This is done under a Treasury circular, principally intended to facilitate the transfer of funds from New York to the West and South. On the 13th of December \$400,000 in gold was deposited at the New York office under this circular.

Bullion and foreign coin deposited at the New York Assay office are paid for as soon as the value can be ascertained, which takes from three to five days, according to the magnitude of the deposits.

The additional bonds and stocks listed at the New York Stock Exchange from January 1 to November 27, were:

Bonds.....	\$333,776,739
Preferred stock.....	29,883,800
Common stock.....	351,367,535
Total.....	\$715,028,074

The *Public*, commenting upon this statement, observes that one large part of these new securities was merely in exchange for old securities, and that another large part consists of the securities of old roads, now for the first time listed in New York. The actual investment of money in new railroads from January 1 to December 10 in the whole country is estimated by the *Public* at \$168,720,000. This is on the basis (certainly high enough) of \$20,000 per mile for 5,624 miles. About half of that amount of capital was obtained from the payments during the same time on the National debt.

For the fiscal year ending June 30, 1880, the Director of the Mint estimates the gold production of the United States at \$36,000,000, and the silver production at \$37,700,000.

The House Coinage Committee have agreed to report a bill making a Government charge for melting and refining bullion, whether below standard or not.

The interest due on the public debt January 1, 1881, amounting to about \$15,000,000, was ordered by the Secretary of the Treasury to be paid December 28, 1880.

During the first twenty-three days in December, the descriptions of money received at the New York Custom House were: Gold, \$3,462,000; silver certificates, \$3,439,000; greenbacks, \$419,000; and silver dollars, \$12,000.

The total lake shipments from the Escanaba, Marquette and L'Anse iron mines, on upper peninsula of Michigan, during the season of 1880, amounted to 1,850,625 gross tons. This indicates an increase, as compared with last year, of 526,112 gross tons.

The exports of breadstuffs from the United States in November, 1880, were \$22,128,109, as compared with \$20,617,692 in November, 1879. The exports of provisions and tallow in November, 1880, were \$12,088,133, as compared with \$8,980,902 in November, 1879.

A Paris dispatch of December 19, says. "It is officially announced that the allotment of Panama Canal shares will be as follows: Applications for from one to five shares will be accepted in toto; subscribers for from six to twenty shares will receive six, and those for from twenty upward will receive twenty-five per cent. of their demands. Instalments of 100 francs per share must be paid before the 30th instant."

On the 3d of December tenders were received at the Bank of England for exchequer bills for £1,485,000. The bills on three months were discounted at 2½ per cent. per annum, and bills on six months at 2½⁴/₁₀₀ per cent.

Taking the thirty-six years from 1844 to 1879, both inclusive, the average rate of discount per annum upon £100, was as follows at the counters of the three great European banks: Bank of England, 3.81; Bank of France, 4.02; Bank of Germany, 4.43.

Taking the seven years ending with 1879, the average rate was as follows: Bank of England, 3.36; Bank of France, 3.42; Bank of Germany, 4.39.

In these last years the difference between the English and French banks has been hardly appreciable. There can be no doubt that Paris is gaining upon London, in respect to cash capital.

Between November 3 and December 8, the bullion in the Bank of England declined from £27,340,699 to £25,012,245. Of this decline £1,927,658 accrued after November 24. There was a further decline of £76,000 during the week ending December 15, and of £194,000 during the week ending December 22.

Between November 4 and December 2, the gold in the Bank of France declined from 569 million francs to 538 millions, and the silver from 1,247 millions to 1,229 millions. Between December 2 and December 23, the gold increased 12 millions.

There is a report from Eufope, apparently authentic, that Italy has decided to take the initiation in asking for another international conference on the double-standard question. Nobody in Europe seems to believe it possible for Italy to resume coin payments, except by making a very large use of silver.

A city contemporary says that "Italy is just now about to borrow \$129,000,000 in gold for the retirement of its paper circulation." There is certainly no authority for this statement, and we believe that it is incorrect. Italy never had the gold standard, and it is under treaty obligations, as a member of the Latin Union, to maintain the double standard.

Another city paper says, that "there seems to be no limit to the confidence placed in the ability of the United States Government to negotiate a long gold bond at par, bearing the lowest rate of interest paid by the most favored Government of the world." However that may be, it is certain that Congress will not authorize any gold bonds, long or short, and that it will not authorize any long bonds, whether payable in gold, silver, coin or greenbacks.

The bullion shipments from the Leadville smelters were \$1,287,984 in October and \$981,575 in November. The proportion of the value of the lead in these shipments is ordinarily about one-fourth.

Many of our city contemporaries continue to insist that there is a large and continuous flow of American securities to Europe, in excess of such securities purchased there and brought home. The heavy favorable balance of our foreign trade shows that this cannot be true, and well-informed parties in Wall Street say that the importation of American securities is fully as large as the exportation.

The *Chicago Tribune* says: "One peculiarity of the gold absorption now in progress in the West is that the coin seems to run into the ground. Country bankers say that when they pay out paper more or less of it returns, but the gold never. Workingmen in the cities and farmers in the country are hoarding great quantities of coin."

During November there were 1,046,500 standard silver dollars distributed from the New Orleans mint, and 932,500 from the Philadelphia mint. The total shipments from the New Orleans mint from June 15, 1880, to December 1, have been \$4,493,498.

DEATHS.

At LOUISVILLE, Ky., on Friday, November 26th, aged forty-eight years, R. B. ALEXANDER, Cashier of the Falls City Tobacco Bank.

At KITTANNING, Pa., on Saturday, November 27, aged eighty-one years, JAMES E. BROWN, President of the First National Bank of Kittanning.

At CHATTANOOGA, Tenn., on Friday, December 24, ALLEN C. BURNS, Cashier of the Discount and Deposit Bank.

At BRIDGEPORT, Conn., on Monday, December 6th, aged thirty-nine years, JOHN F. FAYERWEATHER, Cashier of the City National Bank.

At ROCHESTER, N. H., on November 11, aged forty-eight years, FRANKLIN MCDUFFEE, Cashier of the Rochester National Bank.

At NEW YORK CITY, on Saturday, December 18th, aged seventy-five years, JAMES M. MORRISON, late President of the Manhattan Company Bank.

At CINCINNATI, Ohio, on Monday, November 29, aged fifty-nine years, OLIVER PERIN, President of the Third National Bank.

At CHICAGO, Illinois, on Friday, December 3, aged sixty-eight years, E. G. WHITNEY, formerly President of the First National Bank of Madison, Ind.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

FEBRUARY, 1881.

No. 8.

REFUNDING.

In the House, on the 8th of January, there were read tables prepared at the Treasury, showing that at the then current price ($112\frac{1}{8}$ and accrued interest) of the four per cents., they would pay to a purchaser an annual income of $3\frac{1}{8}$ per cent. on his investment. Also, that at the then current prices, the four and one half per cents. were yielding $3\frac{1}{8}$ per cent., the currency sixes from 3.30 to 3.44 per cent., and the District of Columbia currency 3.65s (guaranteed by the United States), 3.63 per cent. From these data, it was argued that it was not possible to negotiate at par any form of a Government three-per-cent. security, but the argument involves two fallacies:

1. It is not true as a matter of fact, that persons cannot be found who will pay par for a three-per-cent. security, when they will not pay such a premium for a four-per-cent. security as will reduce their income on the purchase money to three per cent. It would be true, if all mankind were philosophers and mathematicians, and always acted upon philosophical and mathematical views of things. Many people regard a premium as so much money thrown away, or at any rate have an instinctive aversion to it, beyond what is justified by any exact reasoning. Three or four months ago, when Secretary Sherman bought \$1,500,000 of the fours at about 1.08, many persons spoke of it as a loss of \$120,000 in premiums, when he was really investing the public money at something better than three and one-half

per cent. for the sinking fund, which was, under the circumstances, a thrifty transaction.

2. If the facts, and mathematics applied to the facts, did show on the 8th of January that a three-per-cent. security would not then sell at par, it does not necessarily follow that it will not sell at par next May and next July. In December, 1879, Secretary Sherman gave it as his opinion, and showed, that all, or nearly all, the New York bankers concurred with him, that four per cent. was as low, or about as low a rate, as the Government could then negotiate a security at par. They were probably right, or not far from right, as to what was possible to be done at that time. But it was then altogether premature to arrange for refunding debts not redeemable until May and July, 1881. They failed to see that a leading factor in the price of Government securities is the quantity in the market. We had just entered upon an epoch of surplus revenue, and consequently of buying up Government bonds, so that by postponing the refunding of the debts of 1881 until it was necessary to undertake it, we could hardly fail to get better rates. The same principles apply in the present case. If it was not possible on the 8th of January to borrow at three per cent., it may nevertheless be possible next summer. That will depend upon many circumstances, but chief among them will be the decision Congress makes as to maintaining the surplus revenue. So long as that is kept intact, and Government bonds are bought up and canceled at the rate of (say) two millions each week, they will rise steadily in the market. It is the surplus revenue which at this crisis is the sheet anchor of the public credit. Instead of having it reduced we should prefer to see it increased, at any rate until the refundings of this year are successfully accomplished. Undoubtedly, there are certain taxes which there are strong reasons for repealing, or reducing, but their place can be made good by other taxes. The Secretary of the Treasury has very distinctly indicated his opinion that the tea and coffee taxes should be re-imposed, and we believe that their re-imposition would be a popular act, if the proceeds were set apart as a special fund for paying off the National debt, in addition to the sinking fund now provided by law.

By these criticisms on some of the objections made to the possibility of floating a three-per-cent. loan, we do not intend to express the opinion that it is wise, under all existing circumstances, to fix three per cent. as the maximum to be paid. There is certainly some degree of risk in doing that, and in view of the mischiefs which would result from a failure to negotiate three-per-cent. bonds, it seems safer to give the Secretary of the Treasury a discretion up to three and a half per cent.

ASPECTS OF TRADE.

The full returns of the foreign trade of the United States during November show that, exclusive of gold and silver, the exports were \$83,001,255 and the imports \$47,106,915. The excess of merchandise exports was therefore \$35,894,340.

During November the excess of imports of gold and silver over exports was \$9,374,865.

Taking merchandise, gold and silver together, the balance in favor of the country was \$26,519,475.

For the eleven months ending with November, the merchandise exports were \$790,786,343, and the imports \$649,425,341. The total exports, including gold and silver, were \$804,809,695 and the total imports \$716,914,361, and the balance in favor of the country was \$87,895,334, and enough is known as to the course of trade in December, to make it certain that returns for that month will largely swell the favorable balance of the year.

At the port of New York, the merchandise exports for the month of December were \$35,014,289 and the merchandise imports were \$31,083,440. The specie exports were \$1,667,962 and the specie imports were \$16,202,407. Taking the whole trade, merchandise and specie together, the exports were \$36,632,251 and the imports were \$47,285,847. When the returns from all the ports are received, it will be found that the balance favorable to the country in the merchandise trade was large enough to pay for all the net specie import and a good deal more.

It is thus apparent that those persons have been quite mistaken, who have supposed that more American securities were sold abroad, than were purchased abroad, in 1880. If there have been more sales than purchases, in what were the proceeds of the excess of sales received? It is, in fact, rendered probable, by the figures of our foreign trade, that more securities have been imported than exported, and this is rendered additionally probable by the fact that upon the average of the year American securities have commanded higher prices in this country than in Europe.

The statements from the Bureau of Statistics, give the following comparisons of our foreign trade in the first ten months of 1879 and 1880:

	10 mos. 1880.		10 mos. 1879.
Dutiable imports.....	\$430,927,821	....	\$273,819,582
Free of duty.....	171,390,605	....	129,712,982
	<u>\$602,318,426</u>	....	<u>\$403,532,564</u>
Total domestic exports for ten months ended Oct., 1880..			\$696,846,933
Total domestic exports for ten months ended Oct., 1879..			<u>596,544,931</u>
Increase, 1880.....			<u>\$100,302,002</u>

The following are some of the most noticeable items of increased importation :

	10 <i>mos.</i> 1880.		10 <i>mos.</i> 1879.
Coffee.....	\$ 46,901,265	....	\$ 40,582,231
Hides and skins.....	26,133,754	....	14,582,671
Rags, &c.....	6,933,618	....	2,970,590
Cotton, manf'd.....	28,310,017	....	19,548,498
Flax, ".....	20,049,349	....	15,223,665
Iron and steel, manf's of...	58,485,320	....	11,425,649
Tin, manf'd.....	14,689,834	....	10,318,818
Leather, and manf's of....	10,022,180	....	7,180,065
Silk, manf'd.....	32,346,211	....	23,849,073
Sugar, manf's of.....	81,978,280	....	60,484,206
Wool, manf's of.....	52,290,215	....	31,169,872

Of the exports the increase has been the most remarkable in the following articles :

	10 <i>mos.</i> 1880.		10 <i>mos.</i> 1879.
Horned cattle.....	\$ 14,949,858	....	\$ 7,492,366
Indian corn.....	55,167,040	....	35,970,564
Wheat and flour.....	177,311,925	....	170,754,093
Raw cotton.....	167,298,899	....	125,299,196
Provisions.....	118,971,953	....	95,597,046
Leaf tobacco.....	15,254,948	....	11,642,353

At the present relative prices of American exports and of the articles which we are in the habit of importing from Europe, it may be assumed as probable, that the balance of merchandise trade in favor of the country will exceed our annual foreign interest account and what we pay for freight to foreign shipowners, and that we shall have something to receive from Europe either in gold, or in the return of our securities. We may be certain, however, that whenever it becomes necessary to the Banks of France, England and Germany, in order to prevent what they may regard as a dangerous drain of gold, they will, by the old and well-established method of producing a constriction in the European money markets, force a decline in the prices of what Europe buys of us, and also such a decline in the prices of what Europe sells to us, as will increase our imports from that quarter.

They have already raised their rates of discount from two and a half to three and a half per cent., and they will go just as much higher as proves to be necessary to accomplish the object of protecting their gold. The only question is, how high that may be, and in this respect we incline to the opinion that extreme rates will not be required. So far as the United States are concerned there will be no reason for regret, if the further import of gold from Europe should be arrested, nor even if an export of gold should set in, provided it does not exceed the production of our gold mines.

THE FINANCES OF THE NATIONS.

The remarkable growth of public expenditure, taxation, debt, and paper money, within the past century, especially within the last thirty years, is one of the wonders of the age. Not less wonderful, is the growth of National resources which has made it possible to sustain these enormous burdens. Sixty years ago, in 1820, after peace had been restored to Europe, the expenditure of the principal nations of the earth, amounted to \$1,163,000,000. In 1854, it had reached about \$2,065,000,000, while in 1879, it had risen to \$3,785,000,000. In Europe alone, public expenditure has risen from \$764,000,000 in 1820, to \$1,380,000,000 in 1854, \$1,898,288,000 in 1865, and \$2,783,500,000 in 1879.

For more than a century and a half expenditure has so far outrun revenue that the increase of National debts has been almost continuous. According to R. Dudley Baxter, the known National debts amounted in 1715 to \$1,460,000,000, and as the aggregate income of the principal nations was then only about \$1,000,000,000, this burden proved so severe that France became bankrupt, Holland lost her commercial prosperity, and English patriots predicted the ruin of their country. A little more than three-quarters of a century later, in 1793, the amount had increased about a thousand millions, and stood at \$2,461,000,000, of which Great Britain owed more than one-half. From this period, the increase of National debts has been as follows:

	<i>Europe.</i> <i>Millions.</i>	<i>All Nations.</i> <i>Millions.</i>		<i>Europe.</i> <i>Millions.</i>	<i>All Nations.</i> <i>Millions.</i>	
1793...	\$2,349.1	\$2,461.0	..	1854....	\$8,502.5	\$9,200.0
1806-9.	5,118.9	5,290.1	..	1865....	12,503.3	16,735.1
1820...	6,873.3	7,114.8	..	1869-70.	14,429.1	19,033.5
1848...	7,523.8	8,423.8	..	1880....	22,094.6	26,493.2

During the sixty years from 1820 to 1880, the expenditure of all nations has exceeded their revenue \$19,378,400,000, and that of European nations by \$15,221,300,000; an annual average excess of expenditure of \$322,973,000 in the former case, and of \$253,688,000 in the latter. Should the increase of public debts continue at this rate to the close of the century the public debts of the world in 1900 would reach \$32,952,000,000, and those of Europe \$27,168,000,000. Most of the increase, it will be observed, has occurred since 1848. During the thirty-three years of peace preceding 1848, there was little increase of indebtedness. Should debts continue to increase at the rate of \$565,000,000, as they have since 1848, the total for all nations in 1900 would be \$37,793,000,000, and those of Europe, \$31,194,000,000.

The following statistics, showing the purposes for which debts have been created since 1848, are taken chiefly from

Mulhall's *Progress of the World*, from which many of the other statistics for this article have been derived.

National debts in 1848.....	\$8,423,800,000
Crimean war, 1854-56.....	934,330,000
Italian war, 1859.....	511,000,000
United States Civil war, 1861-65.....	2,768,000,000
War between Brazil, Paraguay, etc., 1864-70.....	413,700,000
Austro-German war, 1866.....	438,000,000
Franco-German war, 1870-71.....	1,800,000,000
Russo-Turkish war, 1877-78.....	1,022,000,000
Armaments.....	7,820,000,000
Railways, docks, telegraphs.....	2,798,000,000
Total.....	\$26,928,130,000

The foregoing table shows that warlike armaments have done nearly as much to increase National debts as war itself, \$7,820,000,000 of the increase being due to the former, and \$7,886,330,000 to the latter.

The statistics already given do not include local debt or taxes. The following table showing the relation of debt and taxation to resources, includes all public burdens, the estimates for the United States being revised to correspond with our presumed growth :

	Income of inhabitants.	Taxation.	Taxes to income. Per cent.	Capital or accumulated wealth.	Debts.	Debt to capital. Per cent.	Capital per inhabitant.	Income per inhabitant.
	\$	\$		\$	\$		\$	\$
United Kingdom....	5,459,000,000	671,930,000	12½	43,212,300,000	4,331,000,000	10	1265	161
France.....	4,526,000,000	739,730,000	16	35,695,460,000	5,983,000,000	16¾	1070	122
Germany.....	3,416,700,000	515,850,000	15	21,614,400,000	1,046,000,000	5	525	83
Russia.....	2,725,000,000	438,000,000	16	14,716,800,000	3,319,000,000	23	185	34
Austria-Hungary....	1,220,866,000	399,030,000	19	13,529,300,000	2,038,800,000	15	389	58
Low Countries.....	1,099,200,000	121,600,000	10	10,846,000,000	584,000,000	5½	1134	126
Italy.....	1,099,200,000	384,500,000	35	8,000,000,000	1,971,000,000	25	262	39
Spain and Portugal..	1,056,070,000	194,600,000	18	7,421,600,000	3,090,300,000	42	370	53
Scandinavia.....	671,930,000	53,500,000	8	5,384,070,000	116,800,000	2¼	671	83
Europe.....	22,224,366,000	3,518,740,000	16	160,419,930,000	22,479,900,000	13½	545	78
United States.....	8,000,000,000	800,000,000	10	40,000,000,000	3,500,000,000	8¾	800	160
South America.....	681,000,000	214,100,000	32	4,623,000,000	1,002,200,000	21	185	29
India.....	2,238,000,000	282,230,000	13	7,719,300,000	700,750,000	10½	34	10
British Colonies....	700,460,000	146,000,000	20	5,600,000,000	642,350,000	11½	650	88
Total.....	33,843,826,000	4,961,070,000	14.7	218,362,230,000	28,337,200,000	13	350	53

The relation of the annual income of the principal nations to their debts at several earlier periods, is given by R. Dudley Baxter, as follows :

	Debt charge.	Income.	Charge to income. Per cent.
1784 (5 Nations*).	\$81,465,210	\$2,958,832,000	2.75
1815-18 "	217,993,000	4,555,000,000	4.78
1837-43 "	206,590,000	7,835,000,000	2.62
1868-70 (6 Nations†).	510,100,000	21,824,000,000	2.34
1878-80 "	873,400,000	26,175,000,000	3.34

* United Kingdom, France, Austria, Prussia (now German Empire), and the United States.
† Includes also Russia.

Great as is the increase of indebtedness, it is, except in some of the poorer countries, less than the increase of wealth, which is estimated as follows, annually :

United States.....	\$ 1,000,000,000
France.....	365,000,000
Great Britain.....	316,300,000
Germany.....	194,600,000
Other countries.....	705,600,000
Total.....	\$ 2,581,500,000

Although Great Britain is the richest nation in Europe, if not in the world, her people are not so thrifty as the French. Hence, the annual accumulation is greater in France.

The debts of many nations have increased much faster than their power of borrowing in the ordinary forms, producing a resort to forced loans in the form of inconvertible paper money. The amount of paper currency in circulation throughout the world, is about \$ 3,907,571,830 of which \$ 1,962,265,000 are convertible, and \$ 1,945,306,830 inconvertible. The volume of convertible currency is distributed as follows :

United States, January, 1880.....	\$ 689,130,000
France, " "	452,199,000
United Kingdom.....	211,700,000
Germany.....	221,389,000
Low Countries.....	141,100,000
Scandinavia.....	48,980,000
Spain and Portugal.....	46,420,000
Switzerland.....	17,060,000
British Colonies.....	121,600,000
Other Countries.....	12,687,000
	\$ 1,962,265,000

The inconvertible paper currency is distributed as follows, as compared with 1868 :

	1868.	1880.	Value in gold. Per cent.
Russia.....	\$ 525,880,000	\$ 887,254,830	60
Turkey.....	—	21,871,000	50
Austria-Hungary.....	235,888,400	282,853,000	99
Italy.....	161,540,000	320,283,000	90
Greece.....	—	12,890,000	—
Brazil.....	73,000,000	135,200,000	80
United States.....	720,412,603	Convertible.	—
Japan.....	—	140,000,000	70
Cuba.....	24,330,000	57,857,000	45
Chili.....	14,600,000	29,200,000	80
River Plate.....	34,070,000	43,800,000	72
Peru.....	—	13,098,820	—
	\$ 1,789,421,003	\$ 1,945,307,650	
Convertible currency.....		1,962,265,000	
Grand total.....		\$ 3,907,572,650	

Had the comparison been made before January 1, 1877, the quantity of inconvertible currency would have been nearly \$ 800,000,000 greater, and more than threefold the volume of the convertible currency.

Since that date, France and the United States have

resumed specie payments, thus increasing by over \$1,100,000,000, the amount of convertible currency; while, on the other hand, Russia and Turkey have probably increased the inconvertible currency by about \$300,000,000. The resumption of specie payments by Italy will make another important addition to the amount of convertible currency.

The only period that can bear a comparison with the past thirty years, in respect to the increase in the volume of paper money, is the twenty-five years, 1790-1815, embracing the French Revolution and Napoleonic wars. At the beginning of this period the amount of paper money was small and nearly all convertible. Russia had \$85,470,000, Austria, \$9,700,000, the Bank of England, \$48,860,000, and the entire United Kingdom probably not much, if any, in excess of \$100,000,000, France, \$77,200,000 of assignats, Spain, \$51,000,000 bearing interest, the United States, \$2,500,000; a total of \$325,870,000. This is substantially the amount of the paper money circulation of the world at that time, and only the \$51,000,000 of Spanish interest-bearing notes and the French assignats were inconvertible. Within ten years all these nations, except the United States, were in a state of suspension. By the year 1810, the issues of paper had increased to about \$1,310,280,000, of which only \$47,420,000, comprising the currencies of France and the United States, were convertible. At the close of this great and exhausting struggle in 1815-16, although the currency of Austria had been reduced by bankruptcy, the volume of paper money had reached about \$1,394,870,000, of which only \$8,590,000, being the circulation of France and Holland, was convertible. The world was in a state of suspension. In 1820, the amount had been reduced to \$965,880,000. In Austria and the United States, the currency was fully established on a specie basis in 1820, and Great Britain followed in 1821. Russia did not reach this point until 1839. In 1847, the amount of paper currency outstanding in the world was about \$740,500,000, all convertible. As in Russia and Austria, contracts were scaled down in proportion to the depreciation of the currency, the change was less ruinous than it would otherwise have been. By a singular coincidence it was another French revolution which gave the initial impulse to a new era of inconvertible paper money, which has also been marked in its course by the reign and downfall of another Napoleon. The Banks of France and Austria suspended in 1848, the former resuming in 1850, the latter in 1858. The Crimean war plunged Russia into suspension and fresh issues of paper money. The Italian war of 1859 put a brief period to specie payments in Austria. Our civil war produced here a suspension almost rivaling, in duration, that of the Bank of England in 1797. The war of

1866 added Italy to the catalogue of States resorting to this seductive expedient, and the Franco-Prussian war drew France into the only suspension of any great duration since assignats ceased to circulate. It is the pressing necessities of war that have given birth to these enormous issues of paper money, and to the great increase in the magnitude of National debts.

The following table shows, in millions, the increase in the volume of paper money among the principal nations, previous to 1852 :

	1790. \$	1810. \$	1815-16. \$	1820. \$	1847. \$	1851-2. \$
Russia.....	85.47c.	444.29i.	643.72i.	492.38i.	104.	247.79c.
Austria.....	9.70c.	482.57i.	329.16i.	107.12c.	106.2	201.71i.
United Kingdom.	100.00c.*	236.00i.	255.40i.	211.29i.	172.6	194.18c.
France.....	77.20i.	19.42c.	7.90c.	29.93c.	47.7	119.83c.
Prussia.....	—	—	—	—	11.8	15.33c.
Netherlands.....	—	—	.69c.	3.36c.	12.5	25.93c.
Other European countries....	51.00i.	100.00i.	90.00i.	77.00i.	90.0	103.46c.
Canadas.....	—	—	—	—	—	6.49c.
United States....	2.50c.	28.00c.	68.00i.	44.80c.	105.5	155.16c.
	325.87	1,310.28	1,394.87	965.88	740.3	1,069.88

The relative amounts of convertible and inconvertible paper money at these several periods is, as nearly as can be ascertained, as follows :

	<i>Convertible.</i> Millions.	<i>Inconvertible.</i> Millions.	<i>Total.</i> Millions.
1790.....	\$ 197.67	\$ 128.20	\$ 325.87
1810.....	47.42	1,262.86	1,310.28
1815-16.....	8.59	1,386.28	1,394.87
1820.....	185.21	780.67	965.88
1847.....	740.50	—	740.50
1851-2.....	868.17	201.71	1,069.88
1868.....	—	1,789.42	—
1880.....	1,962.26	1,945.30	3,907.57

The increase has been nearly four-fold since 1852, and more than five-fold since 1847.

The increase or diminution in the volume of paper money, being due largely to political causes, has occurred without much reference to the scarcity or abundance of metallic currency. The increase of paper money during the past thirty years, unlike that which occurred from 1790 to 1815, has taken place along with the greatest increase of metallic money ever known. The volume of currency in circulation has thus undergone a two-fold expansion, and this fact has no doubt, by its influence on prices, contributed to swell very much the amount of National expenditure and indebtedness. To trace the influence of this expansion upon trade, commerce, and civilization in general would require a volume. One conclusion seems to follow irresistibly from these premises. If there ever could be an inopportune moment for disusing a metal which constitutes a large proportion of the circulating medium of the world it would seem to be

* Partly estimated.

at the present time, when the nations of the earth are groaning under a load of indebtedness, unparalleled in the history of the world, and when the resumption of specie payments by some of the suspended States is making heavy drafts upon the existing stock of the precious metals. To seize such a time to reduce currency and prices, thus paralyzing trade and increasing the already heavy burden of debt would be to invite universal bankruptcy.

As National debts have mainly resulted from war, so their future increase depends chiefly on the same cause. A long period of peace, by enabling the nations to keep their debts stationary or declining, could not but have a most important influence upon the current rates of interest, and thus upon the growth of commerce and industry. On this point, the *London Times*, commenting on the recent advance in consols, offers the following suggestive remarks: "This tendency of securities to advance has often been shown in former times, and has only been checked temporarily by a great war, or some such cause of a large new creation of securities, the upward tendency being resumed immediately after each new issue. After 1853 the Crimean war intervened, then the Franco-Austrian war of 1859; then the United States Civil war; then the Austro-German war of 1866, and finally the Franco-German war of 1870-71, which may be considered the last of the series, as the more recent Russo-Turkish war affected the money market very little. The present price of securities is thus the result of ten years' peace only, any advance prior to 1870 having occurred in spite of wars, and indicating the magnitude of the forces which were always driving prices up, so that the great wars of the period could do no more than neutralize them. If, in this short interval of ten years free from great wars, so much has been done to raise the price of securities, what may not be done in a few years more? With communities like those of France, England, and the United States, constantly accumulating, and with the amount of Government securities of the first-class as constantly diminishing—all the three countries named reducing their debts, and the United States in particular doing this very rapidly, it seems manifest that without a new disturbing cause of magnitude prices must rise still more during the next few years. This tendency may be checked for a moment by the creation of industrial securities on a large scale, as is the case in every period of good trade; but experience has shown that such securities do not keep down aggregate prices, or the prices of high-class stocks, very long. It is only a war, or a similar event, causing a waste of capital which does so. Of course, a gigantic war is always possible, but without a war it is safe to predict a rise in securities in the next few years, the like of which has seldom been seen. In 1739, very nearly a century and a half

ago, the three per cents. reached $\cdot 107$, and the wars or disturbing events must be of enormous magnitude which will prevent such a consummation within a very few years."

That our new four per cents. have recently touched $113\frac{5}{8}$, while ten years ago \$200,000,000 of the five per cents. were with difficulty floated at par, shows how far and how rapidly this country has traveled in the direction indicated by the *Times*. Results such as these show the power of the causes at work in this direction, and the impossibility of predicting what they will accomplish in the next ten years. They give redoubled emphasis to the arguments against issuing long bonds which the Government, if it lives up to the sinking-fund law, may have to buy again at a considerable premium. It may seem impossible that three per cents. can command a premium. So it seemed in relation to the four per cents. less than three years ago. It is unsafe to trust such appearances. Government bonds will in a few years command a monopoly price, and that may be far higher than any one at present dreams. There is no good reason why the Government should throw away its commanding position as the best and strongest borrower in the market, especially as such a surrender would be purely gratuitous.

SUPPRESSING SMALL NOTES.

A contemporary observes of certain resolutions adopted by the Bullion Club of this city a few weeks ago, that they "favor the retirement of small notes for the avowed purpose of forcing the popular use of the silver dollar." The fact is, that not only is no such purpose avowed in those resolutions, but it is not possible to be certain, from reading them, that their authors desire that silver dollars should be coined at all. Their whole stress is in favor of the substitution of gold for small notes. To that end they demand that double eagles shall no longer be struck at the mints but shall be replaced by eagles, half-eagles and quarter eagles. To the same end they demand that a new mint shall be established in New York for the coinage of the bullion imported here, which is wholly gold.

They demand the suppression of all notes below \$20—that is to say, the suppression of the \$1, \$2, \$5 and \$10 notes. The amount of these outstanding November 1, 1880, including National bank notes and greenbacks, according to the last report of the Comptroller of the Currency, was as follows:

Ones.....	\$ 24,247,362	....	Fives.....	\$ 167,042,898
Twos.....	23,036,578	....	Tens.....	189,655,588

If the place of the \$356,698,486 now outstanding in fives and tens is taken by any metal, it must be by gold. As to the \$23,036,578 outstanding in twos, their place may be taken by the gold quarter eagles, or by the silver dollars, or by both in some proportion not certainly to be foreseen. As to the \$24,247,362 now outstanding in ones, it is just about the amount of the subsidiary silver coins now piled up in the United States Treasury, and those coins are much more likely than the silver dollar to be substituted for these ones, if they are withdrawn. The country has been longest accustomed to circulate silver in the form of the half-dollar. President Jefferson ordered half dollars to be struck in preference to the dollars, for the reason that the latter were more liable to be carried out of the country by exportation to Eastern Asia, and under that order no silver dollars were struck for twenty-nine years. Of the whole coinage of silver from the establishment of the mint to June 30, 1876, the silver dollar coinage amounted to \$8,045,839, while the silver half-dollar coinage amounted to \$109,123,190. The fact that the people are specially accustomed to the use of silver in the half-dollar form is so well known that a bill is now pending in the United States House of Representatives, introduced by Mr. Clafin, of Massachusetts, and adopted and indorsed by the House Committee on Coinage, directing the present under-weighted and subsidiary half dollars to be recoined at full weight and made a legal tender for all sums, as they always were down to 1853. But whether the half dollar is put into the proposed new form, or left in its present form, we believe that the place of \$1 notes, if they are withdrawn, would be taken principally by the subsidiary coins and very little by the silver dollars.

Except the introduction into Congress during the present session in the Senate, by Mr. Hill, of Colorado, and in the House by Mr. Belford, of the same State, of a bill to suppress the \$1 and \$2 greenbacks *pari passu* with the future coinage of silver dollars, we see no evidence that the party in this country favorable to that coinage desire the suppression of small notes. During the last session of Congress, Gen. Warner, in behalf of the Coinage Committee of the House, which is in favor of the unlimited coinage of silver dollars, reported adversely upon a petition of the Bullion Club for the withdrawal of notes below the denomination of \$20. So far as we can infer the views of the silver party from their acts, from the declarations of their leaders, and especially from the provisions of the Silver law of February 28, 1878, they hope for the circulation of silver, not in small sums, but in large sums in the certificate form. It is generally understood that they fear that the silver dollar would be made unpopular if its use was forced upon the people against their will, by the destruction of the \$1 and \$2

notes, to which the country has been so long accustomed. Indeed, some of the representative men of the silver party do not hesitate to say, that with many of the advocates of the destruction of the \$ 1 and \$ 2 notes, the sole motive is to create a prejudice against the silver dollars. Nothing is more certain than that the people prefer to handle paper rather than metal, although they wish the paper to be convertible into metal on demand like the greenbacks, or actually to represent deposited and retained metal, like the gold and silver certificates now authorized by law.

It is an illustration of this known preference for paper, that Senator Beck, of Kentucky, has introduced a bill to give the legal-tender function to certificates of the deposit of gold of the denomination of \$ 10 and upwards, and to make the issue of such certificates compulsory, instead of being optional with the Treasury Department as at present.

We have shown that the effect of suppressing notes below the denomination of \$ 20, must be to create an enormous new demand for gold. The time is very badly chosen for a movement of that kind. What the world needs is not new demands for gold, but new supplies of that metal. Europe is notoriously suffering from a gold famine, and nobody doubts that a call for gold from that quarter threatens this country. In France, the Bank, under the advice and direction of the Finance Minister, is increasing its issue of notes for one hundred francs (\$ 20), which it had reduced to a very small amount, and is again issuing notes for fifty francs (\$ 10), which it had wholly withdrawn. This shows how the French view the situation. Within a year the issue of £ 1 notes by the Bank of England has been proposed by a high authority.

It is too soon after resumption in this country, to propose such a violent and radical measure in the direction of contracting the currency, as the suppression of all the notes below \$ 20 would be. If there is anything certain as to the inclination of the public mind, it is that it is best, for a considerable time to come, to "let well enough alone." The business of the country is prosperous, and any suspicion that the prices of commodities are unduly expanded is completely negatived by the course of our foreign trade. Our merchandise exports are heavily in excess of our merchandise imports, which demonstrates that our markets are not high, as compared with the markets of the world. There is no existing mischief, for which a contraction in any way of the aggregate volume of money would be a proper remedy.

THE PUBLIC FINANCES.

The condition of the interest-bearing bonded debt of the United States was as follows, at the two dates named :

	<i>Dec. 1.</i>	<i>Jan. 1.</i>
Bonds at six per cent.....	\$ 213,521,550 ..	\$ 202,266,550
Bonds at five per cent.....	469,651,050 ..	469,651,050
Bonds at 4½ per cent.....	250,000,000 ..	250,000,000
Bonds at four per cent.....	738,404,450 ..	738,420,400
Refunding certificates.....	943,350 ..	927,400
Total.....	\$ 1,672,520,400 ..	\$ 1,661,265,400

The reduction during December, was \$ 11,255,000, and the saving of interest effected thereby was \$ 695,300, making a total saving in that way in the annual interest account of the National debt, since October 31, 1879, of \$ 6,831,301.

In the latter part of 1879, it was proposed to convert forthwith all the 6s and 5s into four-per-cent. bonds on thirty years, and in order to reconcile the country to that plan, it was said that it would reduce the annual interest account by the large sum of \$ 11,000,000. By rejecting the plan, we have already been able to save \$ 6,831,301, by the better method of reducing the principal of the debt, and thereby getting rid forever of so much of a burden which rests upon the National resources and credit. By the time the 6s and 5s become redeemable, the saving of interest by payments will approximate \$ 9,000,000.

The amount of fractional currency redeemed during December was only \$ 15,677.

The amount of cash held in the Treasury January 1, 1881, was \$ 222,299,739, but of that amount \$ 59,246,010 consisted of gold, silver and greenbacks deposited by banks and individuals for safe keeping, and for which certificates were outstanding. There was thus left of cash belonging to the Treasury the sum of \$ 163,053,729.

The reduction of net debt during December was \$ 5,669,430. During the six months ending December 31, it was \$ 42,990,557, which is a small-enough rate of reduction at a period of exceptional prosperity. It is about the rate at which the public debt was reduced during Gen. Grant's first term, when the country was but little more than half as rich as it is now, and when the interest on the public debt absorbed a sum nearly twice as great as it does now.

The following comparative statement of the receipts of customs, internal revenue and miscellaneous sources during the years 1879 and 1880, has been prepared at the Treasury Department : For six months ending June 30, 1879, customs,

\$68,548,439.35 ; internal revenue, \$55,920,940.62 ; miscellaneous, \$12,898,949.14 ; total, \$137,368,329.11. For six months ending June 30, 1880, customs, \$101,621,659.85 ; internal revenue, \$63,312,718.13 ; miscellaneous, \$12,406,631.43 ; total, \$177,341,009.41. For six months ending December 31, 1879, customs, \$84,900,404.75 ; internal revenue, \$60,699,655.79 ; miscellaneous, \$10,588,541.03 ; total, \$156,185,611.57. For six months ending December 31, 1880, customs, \$98,517,473.35 ; internal revenue, \$67,927,747.60 ; miscellaneous, \$15,710,509.67 ; total, \$182,155,730.62.

The metallic reserves held and owned by the United States Treasury were as follows at the two dates named :

	<i>Dec. 31, 1880.</i>	<i>Jan. 2, 1881.</i>
Gold coin and bullion (less outstanding certificates).....	\$ 143,981,139	\$ 150,213,715
Silver dollars (less outstanding certificates).....	20,892,467	12,062,807
Subsidiary silver.....	24,653,530	24,769,057
Silver bullion.....	6,255,389	6,183,224
	\$ 195,782,525	\$ 193,228,803

The silver-certificate issues were \$45,582,130, but of these \$9,454,419 were held among the assets of the Treasury.

The gold-certificate issues were \$6,658,880, but of these \$130,500 were held among the assets of the Treasury.

The number of silver dollars actually held in the Treasury was 48,190,518, but of these 36,127,711 were the deposited property of individuals, and were represented by outstanding certificates.

During the month of December there were 2,305,155 silver dollars coined, making a total coinage to the end of December of 77,452,905, of which 65,390,096 were in circulation as follows :

In the metallic form, 29,262,385. In the certificate form, 36,127,711.

The following is a statement of the coinage executed at all the United States Mints during the calendar year 1880 :

<i>Denominations.</i>	<i>Pieces.</i>	<i>Value.</i>
Double eagles.....	887,456	\$ 17,749,120 00
Eagles.....	2,169,016	21,690,160 00
Half eagles.....	4,567,353	22,831,765 00
Three dollars.....	1,036	3,108 00
Quarter eagles.....	2,966	7,490 00
Dollars.....	1,636	1,636 00
Total gold.....	7,628,493	\$ 62,283,279 00
Silver dollars.....	27,397,355	\$ 27,397,355 00
Half dollars.....	9,755	4,877 50
Quarter dollars.....	14,955	3,738 75
Dimes.....	37,355	3,735 50
Total silver.....	27,459,420	\$ 27,409,706 75
Five cents.....	19,955	\$ 997 75
Three cents.....	24,955	748 65
Cents.....	38,964,955	389,649 55
Total minor.....	39,009,865	\$ 391,395 95
Total coinage.....	74,097,778	\$ 90,084,381 70

GOLD AND SILVER.

According to the annual circular of Wells, Fargo & Co., the production of the gold and silver mines in the United States, including the receipts at San Francisco from British Columbia and Mexico, during the calendar year 1880, were as follows :

Gold.....	\$ 33,522,182
Silver.....	40,005,364
Lead.....	5,742,390
Copper.....	898,000
Total.....	\$ 80,167,936

The British Columbia receipt, included above, was \$ 884,867 in gold.

The Mexican receipt, included above, was, in gold \$ 118,248, in silver \$ 1,586,309, and in ores and base bullion \$ 386,000.

If the precious metals in the ores and base bullion received from Mexico, be assumed to have been equally divided between gold and silver, we should have the following as the production in the United States alone :

Gold.....	\$ 32,356,067	..	Silver.....	\$ 38,226,055
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The territorial distribution of the above aggregate production of \$ 80,167,936 of gold, silver, lead and copper, was as follows, according to Wells, Fargo & Co. :

<i>States and Territories.</i>		<i>States and Territories.</i>		
California.....	\$ 18,276,166	..	Colorado.....	\$ 21,284,989
Nevada.....	15,031,621	..	New Mexico.....	711,300
Oregon.....	1,059,641	..	Dakota.....	4,123,081
Washington.....	105,164	..	Arizona.....	4,472,471
Idaho.....	1,894,747	..	Mexico (west coast)	2,090,557
Montana.....	3,822,379	..	British Columbia..	884,867
Utah.....	6,450,953	..		
Total.....			Total.....	\$ 80,167,936

It is claimed that the production of Colorado is put too low by at least one million dollars.

As compared with 1879, California shows an increase in gold of \$ 579,579, and a decrease in silver of \$ 360,879. Nevada shows a total falling off of \$ 6,966,093; the yield from the Comstock being only \$ 5,312,592, as against \$ 8,830,562 in 1879—a decrease of \$ 3,517,970. The product of the Eureka District is \$ 4,639,025—a decrease of \$ 1,220,236. Utah shows an increase of \$ 982,074. Colorado shows an increase of \$ 6,871,474 over report of last year—chiefly from Leadville District. Dakota shows an increase of \$ 914,094. Arizona shows a marked increase.

The bullion from the Comstock Lode contains $50\frac{4}{100}$ per cent. gold, and $49\frac{6}{100}$ per cent. silver. Of the so-called base bullion from Nevada, $37\frac{6}{100}$ per cent. was gold, and of the whole product of the State, $28\frac{1}{100}$ per cent. was gold.

In the estimates of Wells, Fargo & Co., as well as in those made by the Mint Bureau, the value of silver is the *mint* value, which is about fifteen per-cent. higher than the value in gold.

We have already alluded once to the extraordinary mistake made a few months ago by Mr. Secretary Sherman in an address to the New York Chamber of Commerce, in saying that the current gold and silver production of the United States is far in advance of any previous anticipations. The truth is precisely the reverse of that. The production has fallen prodigiously short of what was predicted ten and fifteen years since. At the Paris Conference in 1867, the American delegate, Mr. Ruggles, said that it was then \$100,000,000, and that "long before the end of this century" it would reach three or four times as much. In fact, it has never yet reached \$100,000,000.

The following table exhibits the net export of silver (including bullion and coin), or excess of exports over imports, and also the production of silver for seventeen years :

Fiscal year ending June 30.		Fiscal year ending June 30.	
Net export.	Production.	Net export.	Production.
1864. . . . \$ 2,706,064 .	\$ 11,000,000	1873. . . . \$ 26,953,369 .	\$ 35,750,000 .
1865. . . . 5,950,349 .	11,250,000	1874. . . . 23,636,216 .	32,669,880 .
1866. . . . 12,342,931 .	10,000,000	1875. . . . 17,947,241 .	31,727,560 .
1867. . . . 16,796,136 .	13,500,000	1876. . . . 17,385,280 .	38,783,016 .
1868. . . . 15,936,833 .	12,000,000	1877. . . . 15,043,683 .	39,793,573 .
1869. . . . 15,459,574 .	12,000,000	1878. . . . 7,544,571 .	45,281,385 .
1870. . . . 10,157,475 .	16,000,000	1879. . . . 5,738,775 .	40,812,132 .
1871. . . . 27,369,317 .	23,000,000	1880. . . . 1,227,980 .	33,000,000 .
1872. . . . 25,302,543 .	28,750,000		

Until we began coining subsidiary silver in 1875 and silver dollars in 1878, all the silver production, except what was used in the arts, was necessarily exported.

Between January 1, 1879, and January 1, 1881, the domestic production of gold, according to Wells, Fargo & Co., was sixty-six millions, and if there is an annual consumption in the arts of ten millions, as estimated by the Mint Bureau, forty-six millions of the domestic production would be left for manufacture into money. During the same two years, the net importation of gold was $144\frac{1}{2}$ millions, making a total addition of $190\frac{1}{2}$ millions of gold money. During the two years, the banks increased the gold in their reserves by seventy-four millions, and the United States Treasury made a similar increase of twenty-one millions. On these figures, the amount of gold in private hands has increased $95\frac{1}{2}$ millions during the two years.

ADEQUATE TAXATION AND TRUE ECONOMY.

In one of our city contemporaries the following paragraph recently appeared :

The Cook County (Chicago) tax levy for the coming year, we observe, is fixed at \$1,278,000. Last year it amounted to \$1,288,405. We have not the figures for the city proper, but it is reported that they will disclose a corresponding reduction also from last year. This is a small saving, but better small savings than none at all. Considering that the Lake City has a population considerably over one-third of that of our own city, these figures indicate a degree of economy which cannot fail to impress the average New Yorker, who has to pay some \$29,000,000 per annum for the luxury of his so called city government.

Ideas of this kind are very common with the press of this country, and they are most mischievous in their effect upon legislation, and upon the taxing authorities in municipal corporations. They confound reductions of taxes with economy in expenditures, and they have borne their legitimate and necessary fruit in the wasteful usury and crushing burdens of over-grown debts. Whenever any cut-down of taxes is hailed as a meritorious saving, without any reference to the question whether an increase of taxes was not called for by a true economy and by the public credit, the natural tendency of officials to do what is temporarily agreeable to the heedless and unreflecting, is stimulated and made irresistible. It is difficult, at the best, to keep the taxing authorities up to their duty, and to restrain them from the "besetting sin" of yielding to clamors for relief, which ought to be resisted. But it is still more difficult when it is the fashion of the press to praise every reduction of taxes, whether it is wise or unwise, and to confound such a reduction with economy in outlays, which is an entirely different thing.

General Washington gave to the country the sound philosophy of the case, in saying, that debts could not be paid without revenue, that revenue could only come from taxes, and that while no taxation could be made convenient and agreeable, it must still be submitted to in order to maintain the credit and power of governments.

Whether the particular tax levy of Cook County referred to by our contemporary, was sufficient, or insufficient, is something we know nothing about. But we do know that in times past the city of Chicago has involved itself in large debts, at high rates of interest, and which debts are still weighing upon it, and that this involvement can have had no other origin than a failure to impose taxation adequate to its actual scale of expenditures. In that respect, however, Chicago has done no worse than other municipalities, and in

fact has probably done better than the average of municipalities in the United States. It has certainly done better than the city of New York.

The time has come, when honest finance and adequate taxation must be insisted upon as among the first duties of American statesmanship. Our political authorities must be taught, when they are tempted to seek a cheap and meretricious applause by removing taxes essential to public credit and to the efficiency of the public service, that they will incur the lasting condemnation of the reflecting portion of the community if they yield to the temptation.

BANKING STATISTICS OF THE UNITED STATES.

The annual reports of the Comptroller of the Currency are always accompanied by statistical abstracts which possess great value, and this is pre-eminently true of the last annual report from that officer. We have not space to reprint many of them, but we select for this number of the *BANKER'S MAGAZINE* the following table of the capital, deposits and investments in United States bonds of the private bankers, and of the various corporations authorized by the States to transact the business of receiving deposits and loaning money.

Among the other tables we notice the following:

A table exhibiting, by States and Territories, the amount of note circulation which the National banks existing October 1, 1880, were then entitled by law to call for, and the amount actually called for. This table shows that at that date the National banks had the right to an issue of \$69,718,379 in notes, which they did not exercise. Of course, the only possible explanation of that is, that they did not believe there was any profit in it, taking into account the tax on circulation and the high market prices of the bonds required to be deposited in order to obtain the notes.

A table exhibiting by States and Territories the number of the loans of the National banks on the 2d of October, 1879, and the average amount of each loan.

A table exhibiting the issues and redemption of National bank notes in each year from 1868 to 1880.

A table exhibiting by States and territories, the amounts of legal-tender notes deposited from June 20, 1874, to November 1, 1880, by the National banks, for the purpose of retiring their circulation, and the amount of such legal-tender notes remaining on deposit at the last-named date.

A table exhibiting the monthly increase or decrease of National bank circulation from November 1, 1878, to October 31, 1880, and the yearly increase or decrease from January 14, 1875, to November 1, 1878.

NUMBER OF STATE BANKS, TRUST COMPANIES, PRIVATE BANKERS, AND SAVINGS BANKS, WITH THE AVERAGE AMOUNT OF THEIR CAPITAL, DEPOSITS, AND INVESTMENTS IN UNITED STATES BONDS, FOR THE SIX MONTHS ENDING MAY 31, 1880.

States and Territories.	State Banks & Trust Companies.				Private Bankers.				Savings Banks.				Total.			
	No.	Capital.	Deposits.	Invested in U.S. bonds.	No.	Capital.	Deposits.	Invested in U.S. bonds.	No.	Capital.	Deposits.	Invested in U.S. bonds.	No.	Capital.	Deposits.	Invested in U.S. bonds.
Ohio.....	31	\$ 1,278,058	\$ 3,132,931	\$ 163,656	213	\$ 4,361,082	\$ 17,004,516	\$ 793,810	4	\$ 65,000	\$ 697,202	\$ 86,959	248	\$ 5,770,140	\$ 20,834,648	\$ 954,434
Cincinnati.....	2	62,796	1,350,032	20,882	3	775,472	3,042,979	234,769	1	—	—	—	12	1,402,241	4,392,711	275,671
Cleveland.....	5	940,924	4,169,009	623,837	5	105,000	826,174	54,582	1	—	8,949,528	2,151,270	12	1,045,924	13,065,924	2,870,649
Indiana.....	37	1,201,244	2,169,517	88,268	103	3,164,100	9,590,096	419,582	14	62,400	1,473,121	62,061	144	4,365,434	13,172,282	550,014
Illinois.....	25	987,033	3,228,683	117,717	286	3,042,881	13,282,590	557,869	5	5,000	359,515	60,000	316	4,002,314	17,061,788	715,666
Chicago.....	20	3,681,114	8,246,734	2,398,873	23	586,331	3,726,779	160,945	1	—	10,579	—	34	4,372,493	12,584,082	2,559,823
Michigan.....	31	1,337,700	3,378,821	88,973	124	1,009,099	3,727,131	65,921	1	150,000	1,867,594	134,267	155	2,346,799	7,105,952	154,804
Detroit.....	5	710,000	4,849,999	329,692	8	206,041	3,264,452	10,050	1	—	—	—	4	1,066,041	7,544,028	480,000
Wisconsin.....	28	785,614	2,654,682	112,477	81	793,229	3,309,346	72,284	—	—	—	—	109	1,598,843	5,961,028	184,761
Milwaukee.....	5	473,231	6,259,292	13,489	4	161,500	1,536,667	2,425	—	—	—	—	9	634,723	7,788,000	15,914
Iowa.....	60	2,521,085	6,100,367	222,112	245	2,583,754	7,017,866	97,764	4	48,167	208,018	—	309	5,153,096	13,326,103	319,876
Minnesota.....	2	971,307	1,911,978	51,924	70	935,068	2,814,325	68,044	3	—	273,847	—	193	1,920,375	5,906,135	119,068
Missouri.....	95	3,167,050	10,360,654	375,025	75	1,083,125	4,946,562	103,183	—	—	—	—	120	4,450,172	12,800,156	438,208
St. Louis.....	18	5,250,582	18,074,610	849,020	10	454,972	614,086	23,475	—	—	—	—	18	3,795,355	15,288,699	873,395
Kansas.....	31	797,797	1,810,416	47,683	117	796,437	3,066,734	42,514	—	—	—	—	18	1,564,444	4,977,175	90,397
Nebraska.....	12	102,012	480,354	—	71	461,856	1,539,460	39,492	—	—	—	—	83	653,890	2,019,914	39,492
Western States.....	407	\$ 24,892,350	\$ 78,800,979	\$ 4,544,731	1,443	\$ 20,520,090	\$ 76,871,288	\$ 2,682,821	33	\$ 330,667	\$ 13,961,465	\$ 2,474,557	1,883	\$ 45,743,007	\$ 169,632,732	\$ 10,612,111
Virginia.....	54	2,321,500	5,137,229	270,208	60	374,472	2,061,637	24,000	2	346,912	598,336	—	76	3,036,974	7,757,202	264,208
West Virginia.....	1	1,771,128	3,089,199	87,488	3	70,000	945,544	50,000	—	—	—	—	1	1,447,128	4,037,442	137,488
North Carolina.....	9	717,894	1,477,416	—	4	42,427	119,216	—	—	—	—	—	13	790,321	1,990,033	—
South Carolina.....	4	295,000	611,067	52,333	2	216,099	477,452	—	—	—	—	—	5	511,499	656,812	52,333
Georgia.....	27	3,634,635	4,341,983	—	20	433,654	683,840	18,050	2	2,000	885,004	1,000	28	4,068,879	5,916,827	19,050
Florida.....	6	615,000	1,012,246	—	8	81,830	272,706	—	1	—	14,983	—	26	83,830	287,266	—
Alabama.....	17	644,265	1,441,669	123,758	16	439,485	1,193,246	85,600	—	—	—	—	33	1,040,241	2,869,647	742
Mississippi.....	1	—	—	—	20	425,241	1,257,221	742	—	—	—	—	3	1,083,690	2,634,915	209,358
Louisiana.....	18	2,793,698	4,632,128	643,013	8	511,333	87,343	45,000	—	—	—	—	33	1,263,265	3,873,343	45,000
New Orleans.....	3	1,939,270	2,480,131	31,000	87	1,761,804	4,524,620	160,133	—	—	—	—	11	2,777,031	4,632,122	643,013
Texas.....	2	133,000	412,310	—	13	112,110	165,318	1,085	—	—	—	—	105	3,791,086	1,332,751	103,133
Arkansas.....	49	5,705,038	5,696,696	218,553	23	304,628	1,795,145	88,426	—	—	—	—	15	245,110	577,038	75,102
Kentucky.....	31	1,697,444	3,950,686	471,186	3	206,584	687,534	—	—	—	—	—	71	6,099,668	7,696,114	360,979
Tennessee.....	24	2,604,602	8,950,824	2,055,935	7	172,054	172,054	13,000	—	—	—	—	15	5,267,028	4,711,186	471,186
Southern States.....	241	\$ 26,604,602	\$ 81,950,824	\$ 2,055,935	251	\$ 4,809,746	\$ 13,541,159	\$ 486,036	5	\$ 142,912	\$ 1,457,921	\$ 1,000	498	\$ 31,847,370	\$ 53,804,438	\$ 2,542,091

NUMBER OF STATE BANKS, TRUST COMPANIES, PRIVATE BANKERS, AND SAVINGS BANKS—Continued.

States and Territories.	State Banks & Trust Companies.				Private Bankers.				Savings Banks.				Total.			
	No.	Capital.	Deposits.	Invested in U. S. bonds.	No.	Capital.	Deposits.	Invested in U. S. bonds.	No.	Capital.	Deposits.	Invested in U. S. bonds.	No.	Capital.	Deposits.	Invested in U. S. bonds.
Maine.....	1	\$	\$ 2,340	\$ 8,313	5	\$ 47,310	\$ 120,155	\$	58	\$	\$ 3,284,637	\$	64	\$ 47,310	\$ 21,721,964	\$ 3,202,950
New Hampshire.....	1	50,000	56,003	5,202	5	1,000	6,124	—	03	51,000	28,204,366	919,297	71	51,000	28,301,549	924,499
Vermont.....	5	350,000	1,667,553	36,984	1	3,700	16,025	—	05	353,700	6,907,562	653,362	22	353,700	8,531,140	600,846
Massachusetts.....	3	260,000	1,323,634	185,063	4	250,000	434,415	38,550	154	142,510,224	13,033,093	161	510,000	144,865,273	13,857,666	
Boston.....	3	644,349	3,000,079	508,043	4	4,483,750	1,630,216	1,984,618	12	5,128,099	64,553,766	9,051,771	57	5,128,099	64,553,766	9,051,771
Rhode Island.....	15	3,074,385	3,611,242	630,543	7	234,119	334,718	7,045	34	39,156,748	4,479,369	57	3,368,504	43,334,768	5,207,957	
Connecticut.....	12	2,470,896	2,471,165	254,312	1	140,880	1,143,705	18,220	105	73,549,860	8,131,932	105	2,616,896	78,457,961	8,404,664	
N. Eng. States.....	49	6,835,630	16,468,616	1,688,460	74	5,400,000	3,743,795	2,048,623	422	368,757,040	37,693,200	516	12,015,518	388,960,361	41,430,293	
New York.....	49	7,001,542	19,581,388	1,941,768	163	1,524,103	11,402,788	358,840	91	131,291,297	45,993,290	30	8,525,645	162,725,473	48,293,488	
New York City.....	31	1,148,114	86,794,598	7,624,691	452	1,187,192	30,552,744	7,528,342	23	174,566,737	73,737,079	506	49,335,366	291,914,072	88,890,112	
Albany.....	2	550,000	1,399,139	354,521	3	91,000	71,649	3,000	7	12,289,861	2,552,095	12	641,000	13,751,649	2,910,426	
New Jersey.....	11	1,255,373	2,973,119	268,883	6	29,180	920	800	34	49,000	17,417,079	5,871,992	51	1,324,553	26,391,132	6,141,675
Pennsylvania.....	85	4,411,464	10,072,689	478,606	185	4,378,527	18,727,595	274,186	1	270,878	70,000	271	8,789,931	20,071,132	8,222,786	
Philadelphia.....	15	765,175	25,224,689	81,876	4	1,346,729	4,104,001	117,527	4	22,157,680	6,472,097	61	21,108,904	51,496,370	6,671,800	
Pittsburgh.....	21	3,279,897	5,215,545	653,938	6	324,382	1,474,866	7,425	2	9,961,178	1,679,366	31	4,053,579	14,051,589	2,340,730	
Delaware.....	5	673,689	917,742	20,000	1	2,000	1,824	—	—	1,207,860	—	—	8	675,689	2,127,426	20,000
Maryland.....	4	455,841	441,056	251,189	3	98,508	143,185	—	5	10,085	235,793	13	564,434	810,944	264,727	
Baltimore.....	11	2,447,511	2,274,006	106,863	18	667,256	2,988,231	—	1	20,075	21,467,947	9,890,353	38	3,134,842	25,814,319	10,200,253
Washington.....	—	—	—	—	—	357,060	—	—	—	598,460	389,183,857	146,301,155	1,300	357,060	3,303,875	310,293
Middle States.....	224	38,076,516	154,894,971	11,782,335	885	10,000,937	71,540,139	8,782,499	181	598,460	389,183,857	146,301,155	1,300	79,510,943	615,618,967	166,865,989
Oregon.....	—	—	—	—	14	203,466	974,571	112,423	1	41,742	58,523	6,300	15	1,245,268	1,033,103	118,723
California.....	58	8,283,006	11,269,822	107,341	20	460,913	818,652	—	8	9,430,620	2,830,944	—	85	9,430,620	14,038,718	197,341
San Francisco.....	5	7,901,233	18,109,412	3,319,780	12	2,683,517	7,912,530	129,272	9	2,119,796	41,385,352	2,711,604	26	12,104,546	67,407,974	6,100,656
Colorado.....	7	259,250	545,512	—	31	325,667	2,934,365	—	—	—	—	—	38	584,547	3,779,978	—
Nevada.....	—	—	—	—	9	256,457	1,235,088	100,000	—	—	—	—	11	266,457	834,548	100,000
Utah.....	4	108,000	98,560	—	11	206,000	1,233,952	—	—	—	—	—	13	206,000	1,233,952	—
New Mexico.....	—	—	—	—	5	6,667	181,925	—	—	—	—	—	5	6,667	181,925	—
Wyoming.....	—	—	—	—	4	128,054	271,201	—	—	—	—	—	4	128,054	271,201	—
Idaho.....	—	—	—	—	2	5,358	18,368	—	—	—	—	—	2	5,358	18,368	—
Dakota.....	—	—	—	—	18	127,511	396,279	—	—	—	—	—	18	127,511	396,279	—
Montana.....	—	—	—	—	13	446,708	724,031	—	—	—	—	—	13	446,708	724,031	—
Washington.....	—	—	—	—	4	257,000	525,109	—	—	—	—	—	4	257,000	525,109	—
Arizona.....	—	—	—	—	5	112,932	243,673	25,000	—	—	—	—	5	112,932	243,673	25,000
Pac. States & Ter.....	74	16,551,489	30,113,306	3,517,121	148	5,686,250	16,979,944	366,695	17	2,812,248	44,283,828	2,717,994	239	25,019,957	91,368,078	25,000
United States.....	996	113,970,677	318,783,228	44,498,604	2,802	76,121,961	183,669,235	14,366,684	658	4,044,187	871,644,113	189,187,876	4,456	194,136,825	1,310,094,576	203,034,104

MONETARY MATTERS IN EUROPE.

As stated in our last number, the National Assembly of Switzerland rejected, in December, a proposal of the Swiss Executive to coin a certain sum in gold. The exact vote by which it was rejected, was 59 to 7.

A letter (Dec. 13) from Vienna, says :

"During the conference of the Budget Committee, the fact was mentioned that the Government still continues to coin 24 million silver florins a year, because the sums necessary for silver interest are obtained at less expense in this manner."

In respect to the course of prices of commodities in Great Britain during 1880, the London *Bankers' Magazine*, of December, 1880, says :

"Taken as a whole, it was towards the end of January that the highest quotations were reached; and thence forward the entire first half of 1880 wore a gloomy aspect, such as is always produced by falling markets. It has been estimated that the advance in the second half of 1879 averaged over the entire field of marketable commodities fully twenty per cent., and that by the end of June last from twelve to thirteen per cent. of that inflation had been lost. Though in the interim the United States and other countries had taken from us large quantities of merchandise at high prices, nevertheless stocks were still considerable, and increased production was the order of the day. In the face of this, it has now become apparent that the period of depreciation had run its course by the middle of this year, and that some instances of spasmodic revival have since shown themselves. Altogether, though prices are decidedly lower than they were in January last, the commercial record of the year cannot be regarded as discouraging."

In Italy, the premium on coined gold and silver, which had previously fallen from about ten per cent. to between three and four per cent., made a further fall of one per cent. in December. This looks as if an early resumption of coin payments was really expected. At present, under the treaty arrangements of the Latin Union, Italy cannot coin silver, but must obtain its supplies of full-tender silver coin by drawing upon the stocks existing in France, Belgium and Switzerland. It is probable, however, that Italy may obtain, by negotiation, such an alteration of existing arrangements as will permit it to purchase and coin some quantity of silver bullion. If it does not, whatever increase of gold and silver coins is required for an Italian resumption, will make a draft to that extent upon the gold of the world,

inasmuch as France, Belgium and Switzerland will be obliged to replace with gold any silver coins transferred to Italy.

In a report made to the German Commercial Association in November, 1880, Dr. Soetbeer estimated the metallic currency of Germany at two different dates, as follows :

	<i>Gold.</i>	<i>Silver.</i>
January 1, 1870.....	\$ 22,500,000 ..	\$ 387,500,000
“ 1, 1880.....	330,000,000 ..	243,000,000

He also estimated that the “uncovered” bank-paper currency—that is to say, the paper not representing metal held for its redemption, dollar for dollar, was \$ 85,000,000 January, 1870, but was reduced ten years later to \$ 72,750,000.

The new German gold coinage to January 1, 1880, was \$ 430,000,000, so that down to that time Soetbeer must assume that \$ 100,000,000 has disappeared by exportation and otherwise.

In addition to the bank-paper currency, there are in use in Germany about \$ 40,000,000 of government circulating notes.

It is reported from Paris that the French Government will sell in July 800,000,000 francs of three-per-cent *rentes*, to carry on public works, etc. A portion of this money has been already expended, having been raised upon short paper of various kinds.

A telegram (January 13) from St. Petersburg, says that the Russian Government has issued a *ukase* for the “progressive payment” of its debt of 417,000,000 roubles to the banks. The payment of debts, however, requires something more than a *ukase*.

The following are the figures of the metallic reserve of the Bank of France at the dates named :

(1880.)	<i>Francs in gold.</i>	<i>Francs in silver.</i>
Nov. 4.....	569,273,885	1,247,471,244
“ 11.....	556,468,894	1,247,122,801
“ 18.....	552,413,936	1,239,017,077
“ 25.....	542,713,890	1,235,098,466
Dec. 2.....	538,693,849	1,229,119,679
“ 9.....	542,543,822	1,223,680,159
“ 16.....	542,663,873	1,224,915,273
“ 23.....	551,388,884	1,226,563,315
“ 30.....	564,268,848	1,222,604,414
(1881.)		
Jan'y 6.....	556,748,805	1,214,685,764
“ 13.....	552,253,805	1,212,083,764

The clearings at the Paris Clearing House in December, 1880, were 380,619,533 francs, as compared with 286,975,580 francs in December, 1879.

At the monthly settlement at the Paris *Bourse* in the early part of January, the rates paid for delays of cash payments were as high as eight to ten per cent. per annum on miscellaneous securities.

The Austrian deficits during the past eight years aggregate 300 million florins or about \$ 145,000,000.

The Vienna correspondence (January 3) of the London *Economist* states that three-fourths of the metal in the Bank of Germany is silver.

FECUNDITY OF EUROPEAN POPULATIONS.

In canvassing the possibility of the continuance of the present rate of migration from Europe, it is sometimes said that that Continent is being "drained" or "exhausted" of its population. Ideas of that kind receive some color of plausibility from the efforts which the rulers and ruling classes of all the European countries (excepting Great Britain) are making to prevent the departure of their people. But, however such ideas originate, there is no solid foundation for them. The numbers in Europe are steadily growing larger, and the rate of their growth has really increased, rather than diminished, since emigration set in on a considerable scale. The more rapid increase of European populations within (say) forty years, as compared with the preceding one hundred years, is, of course, not due to a more active emigration, but at any rate has not been prevented by it.

Dr. Franklin pointed out more than a century ago, how it was that a country might, within certain limits, send off, annually, portions of its people, and have as many left at the end of a given number of years, as if none had been sent off. In the long run, the maximum population of a country is determined by the number which its agriculture, manufactures and commerce can maintain, and the natural fecundity of the human race will keep it up to the maximum, against any drain not in excess of that fecundity. It is just the same with men as it is with animals, and in the vegetable kingdom. If a given range of pasture is stocked with sheep, there will be no more sheep at the end of (say) fifty years, if none are slaughtered, than if there is an annual slaughtering not exceeding, on the average, the lamb-producing power of the animal. A full-grown forest loses nothing by cuttings within the wood-producing power of the area which it covers.

We know familiarly that of the great countries of Europe, the population of France, which furnishes substantially no emigration, is nearly stationary, while the populations of England and Germany, which furnish large emigrations, are increasing with rapidity. The only case in Europe, where emigration has been, in recent years, in excess of the natural rate of increase, has been the case of a small country, Ireland, the abnormal condition of which is well known.

Herr von Schul, a European statistician, has prepared

tables showing that the excess of births over deaths, or in other words, the natural increase, in 1,000 of population in 1873, was as follows, in the several countries named :

England.....	14.2	..	Austria.....	7.7
Germany.....	12.6	..	France.....	2.7
Italy.....	8.2	..		

He adds, that statistics of the four preceding years give the same results.

In the five years from 1871 to 1875, both inclusive, the natural annual increase of Germany, as shown in the excess of births over deaths, was 1.19 per cent., while the actual annual increase of the numbers remaining in Germany was one per cent., so that 0.19, or about one-sixth of the natural increase, represents the excess of emigration over immigration. And it is by no means certain that the actual increase of the numbers remaining in Germany would have been any greater, if there had been no emigration within the years named.

The present population of Germany is supposed to be forty-seven millions, and if its actual annual increase, over and above the annual emigration, is one per cent., there is a yearly addition of 470,000 to the number of its inhabitants.

Germany and England together could increase their emigration 800,000, without diminishing their numbers at home, even if an augmented emigration did not quicken the rate of their natural increase, as it probably would. Italy, which among the large countries ranks next to England and Germany in the number of its emigrants, could largely swell its emigration without losing population. France, at its present rate of National increase, could not, without a loss of population, submit to any large emigration, but, without doubt, if its people began to drain off the vacancies would soon fill up, under the impetus which would in that case be given to the multiplication of numbers at home.

The practical conclusion for us is, that the limit to the immigration from Europe into the United States is fixed rather by the attractions we can offer to Europeans to come here, than by the actual emigrating power of Europe, which has thus far been hardly drawn upon. If we maintain such conditions of prosperity as will insure decisively higher rewards for labor and enterprise than are obtainable on the other side of the Atlantic; if we proceed steadily and firmly in the path of extinguishing public debts, so as to hold out an assured prospect of moderate taxes in the future; if we continue to uphold a good social order, and a government at once firm and free; and if we avoid the folly of standing armies and of naval armaments, which are now wholly needless as a precaution against attacks upon a nation so powerful as we have become; the attraction to immigration will increase, instead of diminishing, and at the same time we

need have no apprehensions that the supply will be less than the demand. In saying this, we do not overlook the fact that the exodus from Europe may be directed to many points besides this country. But all the causes which have thus far given us the lion's share, are still operating with undiminished power. One important force in determining the direction of emigration operates more and more in our favor as time goes on, and that is—the tendency of emigrants, from the attractions of acquaintance and relationship, to follow the course of those who have preceded them.

FRENCH FINANCIAL LAW.

The publication of *M. Goirand's Exposition of the French Code of Commerce*,* enables us to give a concise and trustworthy statement of existing French Commercial law upon topics particularly affecting banking and finance. This work is noteworthy as giving a very lucid and intelligible exhibit of the general body of the commercial law of France. It is peculiar in this that it is written in the English language for the information of English and American readers, but by a French jurist. In this respect it differs from nearly all works on foreign law; as they are either translations of works planned and written for use abroad, or compilations by English or American authors studying the foreign law at disadvantage. M. Goirand writes from the standpoint and with the knowledge of a French practitioner, but addresses himself avowedly and carefully to the foreign reader. Moreover, he writes for the merchant as well as for the lawyer and judge.

PARTNERSHIPS AND COMPANIES.

Some of the peculiarities of French law governing partnerships and companies of bankers have interest in this country. The French system is quite free from the complexities which in this country arise from our employment of two systems, State and National banks, and from our having thirty-eight States which legislate and decide independently of each other. Apparently, moreover, there is little or no disposition to create banking corporations by special charters, or to give them the extraordinary life and powers attributed to corporations under the English and American systems. Upon the other hand the organization of partnerships is regulated in France much more comprehensively and minutely than in this country. Six distinct

* *The French Code of Commerce and Most Usual Commercial Laws; with a Theoretical and Practical Commentary, and a Compendium of the Judicial Organization and of the Course of Procedure before the Tribunals of Commerce: together with the Text of the Law, the Most Recent Decisions of the Courts, and a Glossary of French Judicial Terms.* By Leopold Goirand, Licencié en Droit, et Avoué. London and Paris. New York: Baker, Voorhis & Co., 1880.

kinds are recognized, (1) *Société en nom collectif*. This corresponds to our general or ordinary partnership. It is an association of two or more persons, all of whom are known to the public as members, and are jointly and severally liable. The business may be practically conducted by one or two members only, or by a manager or agents, but this is not a reason why creditors should not enforce their claims against all the members. (2) *Société en commandite simple*; also called *Société en commandite par intérêt*. This corresponds to our limited partnership; it is formed by two or more persons responsible to creditors without restriction, and one or more capitalists who are liable only to the extent of their several interests. (3) *Société en commandite par actions*. The name is equivalent to "special partnership by shares;" and the distinguishing peculiarity is that the capitalists, or special partners, hold their rights in the undertaking in the form of shares which are transferable, instead of being, as in simple, special partnership, deemed owners of a round sum contributed. Apparently it can make little practical difference to creditors or customers which form of *commandite*, or special partnership, is adopted. In either, the general partners only can appear openly or take active part in management. In both, the special partners simply furnish capital and risk their contributions. (4) *Société anonyme*. This is formed when all members desire to be free from liability beyond their contributions of capital; in other words it is an association of special partners only. A distinguishing rule is that names of members must not appear in the style of the firm; the name must be formed from the objects or nature of the undertaking. Hence the designation "anonymous partnership." The reason is to prevent the company from obtaining credit by the known wealth of members. The capital of these companies is divided into shares. The number of members must be more than seven; this is to prevent adoption of this method of partnership for trivial undertakings. The business is managed by directors having general control, and a committee for daily management; there are also auditors charged with special revision of accounts and fiscal statements. Half yearly reports of assets and liabilities are required. And while directors are not liable for regular and proper action, as such, they may easily become so by reason of fraud, falsification or misconduct. (5) *Société à capital variable*. The peculiarity of the partnership "with variable capital" is that members may enter and retire, bringing or withdrawing capital as they come and go; a retiring member is not obliged to find a purchaser for his shares, nor does a person wishing to join need to look for a shareholder willing to sell. To this class belong clubs like English and American benefit societies, organized to collect

savings of members, and lend the fund to members desiring it with interest. (6) *Société en participation*. This form has no relation to banking, being merely the union of two or more persons in a single adventure. Various strict regulations are prescribed for the formation of these companies, and for publishing their plans of organization and periodical reports of business; which must be complied with in order to protect members and directors from full liability for all debts.

Foreign companies desiring to carry on business in France must obtain an authority from the French Government. This authority is granted, apparently, with liberality, and without requiring the foreign house to comply in detail with all the regulations imposed by French law on domestic companies. The foreign house is, in general, required to comply fully with the laws of its own country protecting creditors; and those who deal with it are expected to acquaint themselves with and trust to those laws. A treaty between France and England seems to have given English companies special facilities for opening business in France; and the question might be worthy the attention of our State department whether such a treaty might not be advantageous for this country.

BANK CHECKS.

Checks have been subject to some peculiar rules. One is, a stringent provision against all fictitious, anticipatory or memorandum checks; not only against fraudulent, but also against honest ones. No person may assume to draw a check unless he has at the time sufficient money on deposit to pay it, which is free from all claims upon it, and payable on demand. For a violation, a fine of six per cent. on the amount of the check (and not less, in case of a small check, than 100 francs) is imposed. This is additional to all penalties incurred by fraud, if fraud existed. A consequence is that there can be no use of post-dated checks; no one can have any motive for dating a check ahead, as the money must be on deposit before he issues it. All stipulations between the drawer, the payee, or the banker, tending to render the check payable otherwise than on sight or on demand, are void. In order to secure enforcement of these rules there are strict requirements as to the date of a check. The day of the month must be written in words, at length, in the handwriting of the drawer, under the same penalty as is imposed for issuing a check without having a corresponding deposit; and the insertion of a false date is punishable. Checks must, imperatively, be presented for payment within five days after date, if made in the place where the banker does business; or within eight days if made in another place. The consequences of delay are that the holder loses all claim against indorsers. He will also

lose his claim against the drawer if the delay has led to a loss of the fund ; if, for example, the banker fails meantime, but not otherwise.

LOST OR STOLEN SECURITIES PAYABLE TO BEARER.

This subject, which is very vaguely regulated in this country, being left to the usages of bankers and brokers, and to the proof of prudence and good faith in the purchase made by the particular holder, is regulated in France with considerable precision. The rules are well worthy of consideration with reference to the adoption of some similar system in this country. The true owner of a lost or stolen security payable to bearer is enabled to lodge a notice of "opposition" with the public authorities. The effect of his doing so is to make it necessary for the finder, thief, or other holder to appear in person to receive any dividend or instalment of interest ; and if he does not so appear a presumption that his possession is fraudulent arises. After certain prescribed delays an official authorization may be issued to the true owner, enabling him to receive payment. The foregoing system applies chiefly when the desire is to prevent fraudulent collection of interest or dividends. Where the purpose is to prevent a sale of the security in the market, a notice of "opposition" may be lodged with the syndicate of stock brokers of Paris. A daily bulletin of all such oppositions is published. Moreover stock brokers are required by law to register in their books the numbers of all the securities which they buy or sell, in order that the transfers may always be traceable. The effect of lodging an "opposition" is to render the lost or stolen security untransferable in any city or town, from the moment when the bulletin in due course arrives there ; a purchaser who fails to examine the bulletin takes his risk. There are various provisions for deciding controversies between a claimant and a holder of a security ; also for issuing a new instrument in the place of one hopelessly lost ; also for indemnifying whoever is called upon to pay a security which cannot be produced, against its being presented by some lawful claimant at some future time.

STOCK BROKERS AND THE BOURSE.

Stock brokers in France have an official character. They are appointed by the President of the Republic. A candidate must be a French subject, or, if a foreigner, must have been naturalized. He must be twenty-five years of age, and must produce certificates of probity and capability, signed by the heads of commercial or banking houses ; also he must be nominated by some member of the Stock Exchange, and must be acceptable to the syndicate of stock brokers, and to the Minister of Finance. A stock broker who resigns is considered entitled to present a successor ; the effect of this

privilege is that he may sell out. The number of brokers is fixed by government; in Paris, for example, there are sixty. In a few of the larger cities a broker may do business in partnership with persons who are not stock brokers. The stock brokers have a monopoly by law of the whole business of negotiating government funds, shares and bonds of canals, railways and companies guaranteed by the State, bonds issued by cities and public establishments, etc.; and are exclusively charged with the official publication of market quotations of public and other securities. Two persons who know each other may agree one to sell and the other to buy a security without the intervention of a broker; but no one who is not a government stock broker can act as an intermediary to find a purchaser of stocks for a person wishing to sell, or a seller for one desirous to buy. The law is strict as to the record which every broker must keep of his operations; and as to the secrecy which he must preserve relative to the parties who employ him. The broker alone is liable to the buyer and to the seller; they have not, generally speaking, any right of action against each other. Hence he is allowed high privileges in respect to exacting possession of securities which he is employed to sell, and deposit of margin or purchase money from buyers. The prohibitions and the legal responsibilities prescribed for the brokers are correspondingly stringent. And on many topics connected with the money market, which are in this country novel, or vaguely understood, the French law is quite definite; it would throw light upon many of the perplexing questions which arise here upon "options," "margins," "time bargains," "carrying over bargains," and the like.

A *Chambre Syndicale* is placed at the head of each body of stock brokers. It is composed of a *syndic* and six *adjoints* elected by a majority vote of the stock brokers of the place, and holding office for one year. The duties of the *Chambre Syndicale* are numerous. It must oblige the stock brokers to conform to the law; and has power to censure or suspend offenders, or to recommend a dismissal to government. It is also charged with the decision of disputes between stock brokers, and with the liquidation of time bargains. It also makes the official publication of the various quotations of the Bourse.

ADMISSION OF FOREIGN SECURITIES TO THE BOURSE,

Securities issued by foreign railway companies are allowed to be negotiated upon the Bourse upon condition of the company's furnishing certain preliminary proofs, showing that they have been constituted pursuant to the laws of the country in which they are formed, and that their shares and obligations, if already issued, are officially quoted in the

countries to which the railways belong. To admit a stock to the Bourse the shares must be of the nominal value of at least five hundred francs, and must have been paid up to the extent of two-fifths. Quotations are not officially published until a sufficient number of operations have taken place in France to enable the stock to be properly estimated. Obligations can be negotiated and quoted when the capital (represented by shares) has been paid up in full, and the issue, in France, of the obligations has been authorized by the Ministers of Finance and of Commerce. All stock brokers are forbidden to lend their services for the negotiation of securities of foreign companies before such securities have been admitted to negotiation by the *Chambre Syndicale*. Until such admission has been granted, it is also prohibited to publish the quotations of such securities in France, or any advertisements soliciting subscriptions in France for shares or obligations of foreign companies; but such prohibitions apply only to the shares and obligations of foreign railways, and not to securities of other foreign companies.

THE CREDIT FONCIER IN CANADA.

The Canadian press assumes that the establishment in Canada, by French capitalists, or speculators, of a Credit Foncier, is a certainty, and describes the terms upon which the projected institution proposes to make loans upon real estate. The charges are to be five per cent. interest and $\frac{1}{10}$ of one per cent. commissions annually. According to American fashions, the interest would be called $5\frac{1}{10}$ per cent., which would make the saving of a good many figures. The European fashion in a hotel bill is to charge so much for a room, so much for the chambermaid's attendance, so much for candles, etc., etc. The American fashion is to make a round sum of the whole. European bankers, or at any rate, French bankers, prefer, it seems, to go into details, when they make a price for lending money. It is a matter of taste, and may not be worth spending many words about.

In addition to interest, or interest and commissions, which is the same thing, the borrower pays annually the sum necessary to sink the debt within the number of years agreed upon when the loan is taken. Tables are printed of the amount per cent. necessary to be paid annually, in order to sink a debt, for various terms of time, from five years to sixty years. It will be surprising to persons not familiar with sinking-fund calculations, to see how small a sinking fund will discharge a debt on a long term. Thus, a loan of \$100 will be paid off in sixty years, by the annual payment of

forty-six cents as a sinking fund. A loan of \$100 will be paid off in thirty-five years, by the annual payment of \$1.07 as a sinking fund.

It is one good feature of the proposed loans that the debtor is allowed to pay them off at pleasure, although he can not be required to pay except as stipulated in his contract. We have seen it stated that in the Province of Quebec, where the charter for this Credit Foncier was obtained, there is a general provision of law giving mortgages of real estate to pay at any time. There ought to be such a law everywhere, within some reasonable limits.

In the loans of the Credit Foncier the borrower may not only pay the whole debt at any time, but he may at any time pay such fraction of it as he chooses, as one-half, one-third, etc., etc. Whether the general laws of the Province of Quebec contain such a provision as that, we do not know.

Credit Foncier establishments are started in France, sometimes by capitalists, and at other times by speculators, or go-betweens, who realize, or hope to realize, a profit, by handling the money of other people. The Credit Foncier lends money, but it also borrows, and a profit may be made by borrowing at one rate and lending at another. All the Credit Foncier establishments in Paris owe enormous sums, although without doubt they generally have some real capital of their own.

It may suit the condition of the Canadians to invite foreign banks to accept mortgages on their lands. The legislatures of our own States should consider the matter well before they enter upon such a policy.

DISTRIBUTION OF LOANS IN THE NATIONAL BANKS IN WASHINGTON AND BALTIMORE.—The report of Comptroller Knox shows that the total amount of loans or promissory notes of the six National banks in the City of Washington, in October, was \$1,477,411; the total number of loans, 2,551, and the average amount of each loan about \$580.

These banks held 673 loans of \$100 or less, 1,153 loans of between \$100 and \$500, 327 loans of between \$500 and \$1,000, 362 loans of between \$1,000 and \$5,000, twenty-nine loans of between \$5,000 and \$10,000, and seven loans of \$10,000 and over.

The National banks of Baltimore, which are fourteen in number, had loans at the same time amounting to \$19,066,216, and the average amount of each loan was \$1,593.90; 1,251 of these loans were in amounts of \$100 or less, 5,010 in amounts of \$100 to \$500, 1,750 in amounts of from \$500 to \$1,000, 2,639 in amounts of from \$1,000 to \$5,000, 1,022 in amounts of from \$5,000 to \$10,000, and 290 in amounts of \$10,000 and over.

The same table gives similar statistics in reference to the distribution of loans in sixteen of the principal cities of the United States, the amount held in each geographical division, and the amount held by the banks in each State separately.

PRACTICAL BI-METALLISM DEFINED.

One of the executive officials at Washington is reported as saying of himself, that "he is a bi-metallist upon principle, but does not believe in bi-metallism for any one nation, unless there is similar and harmonious action on the part of all other leading nations," and that "only such harmonious action can make bi-metallism practical." Ideas of that kind, if not expressed by the particular official referred to, have all along been laboriously disseminated by those who resisted the restoration of the coinage of silver in this country by the law of February 28, 1878, and who have labored ever since for the repeal of that enactment. They are based upon an entire misconception of what bi-metallism is, of the principal object to be attained by it, and of the methods by which the use of the two metals can be maintained.

The question between mono-metallism and bi-metallism, in the form in which it now agitates the world, is only twenty-five years old, and was never before known in the whole history of the human race. It arose out of the simultaneous discovery, in California and Australia, of gold mines of unparalleled richness, and out of the resulting apprehension of a decisive depreciation of the metallic standard. A Frenchman of literary celebrity, conspicuous political position, and popular talents, Chevalier, presented that view in a striking light, just at the time when the production of the new mines was at its height, and when Europe was already filled with vague alarms as to the possible consequences. Chevalier's contention was that the aggregate mass of gold and silver was on the eve of becoming excessive, that metallic money would inevitably depreciate to a degree involving the ruin of the creditor and income classes, and that the only remedy was to bring all the commercial nations to an agreement to use only a single, and the same, metal, so that the other metal should be thrown wholly out of use and perform no part in affecting prices. His first proposition was to discard gold, which was naturally agreeable to Continental Europe which, down to that time, had been most accustomed to the use of silver. But he soon abandoned that proposition and adopted the new one of discarding silver, inasmuch as he found, that in consequence of the obstinate adherence to gold of Great Britain, which then enjoyed a financial and mercantile pre-eminence, even greater than it now does, it was impossible to unite the commercial world upon any other standard.

It is obvious that the question agitated within a single nation, and to be settled for itself with a sole reference to its own position and habits, whether it will employ both metals, or one, and if only one, which one, has no resemblance, except in name, to the question whether the whole commercial world shall unite in employing one and the same metal, to the total exclusion of the other from the monetary function. The use of gold alone, or silver alone, by one nation, or two or three commercial nations, does not prevent the general range of metallic prices in the commercial world from being determined by the aggregate mass of the two metals. Especially will it not prevent that result when some nations use gold as their single standard, while others use silver. Lord Liverpool was in favor of mono-metallism in England, when he recommended, in his letter on the coinage, that the only full-tender metallic money in that kingdom should be gold. He adopted the view of Locke, that the standard of every nation should be a single metal, and he thought that at the time (1805) when he wrote, gold was the most suitable for England, because it was a very wealthy country, and because gold had been, during the eighteenth century, the actual money of payments and the actual standard. Whether these views of Lord Liverpool were erroneous or otherwise, they have no relation to the question of mono-metallism for the whole of Europe which was raised half a century later. Mono-metallism in England alone had no tendency to affect metallic prices in Europe, and not even in England itself, because they must have a general conformity to those of the commercial world. There was no question of prices involved in Lord Liverpool's proposal, nor did he discuss any such question, whereas the proposal of Chevalier, of a European mono-metallism, was made avowedly with an exclusive reference to its effect upon prices. His arguments were all directed to the one single point, that the current production of gold was so enormous, and was so certain to be still further augmented, by the constant flow of labor and capital to the localities of the new mines, that the total mass of metallic money would undergo a depreciation in value, and commodities and labor a corresponding rise in price, disastrous and unjust to creditors and all persons living upon fixed incomes. As we have already seen, the remedial measure which he proposed was to eliminate from the metallic standard of Europe one of the two metals then composing it. Chevalier never put his proposal on any other ground, and there is no other intelligent ground upon which it can be put.

In the official *resumé* of the doings of the French Monetary Commission of 1869, the following is reported as a summary statement of the argument for a single gold standard: "As governments control the weight and standard of money, they

ought, as far as possible, to assure its value. And as it is admitted that the tendency of the metals is to depreciate, this tendency should be arrested by demonetizing one of them."

The present Secretary of the Treasury, Mr. Sherman, who, although not a member of the Paris Monetary Convention of 1867, was then present at the French capital, and actively advising the American delegate (Mr. Ruggles) to insist upon gold as the exclusive standard of the commercial world, was found even five years later maintaining the fundamental doctrine of the gold school, that money, with the use of both metals, was depreciating. See his speech in the United States Senate, March 15, 1872, in which he insisted that the purchasing power of money was diminishing year by year.

Even in 1873, when there were many symptoms that an appreciation of money had actually commenced, we find the Dutch Monetary Commission, which was controlled by the supporters of gold, using the following language: "In consequence of the very great production of gold, it is not probable, even if gold is more employed as money than heretofore, that we shall see the fall in the value of the precious metals, which we have witnessed for twenty-five years, followed as to gold by any permanent rise."

And still later, we find Victor Bonnet, a leading French writer of the school of Chevalier, using the following language, to the same effect, in the *Journal des Economistes* of December, 1875: "What we have to fear is not the scarcity of gold, but a general fall in the value of money (*l'abaissement général de valeur du signe monétaire*) if we keep both the precious metals as such."

There is nothing in Lord Liverpool's letter on the coinage, advising in 1805 a single gold standard for England, which shows, or tends to show, that if he was now alive, and compelled to confront the much larger and totally different question of fixing upon a single metal as the standard of the whole commercial world, he would be found taking the affirmative of it.

The Dutch have held for two centuries, with the exception of the comparatively short period from 1815 to 1847, to the theory of a single standard for themselves, and have preferred silver as their own standard. As yet, they have not adopted the Chevalier theory of a single standard, and of the same metal for all commercial countries, although urged thereto in 1873 by their Monetary Commission, and afterwards by their Finance Minister. M. Mees, who represented Holland in the Paris Convention of 1867, being then as now President of the Bank of the Netherlands, probably expressed the prevailing Dutch view as well as his own, in the declaration which may be found in the *Proeès-Verbaux* of the third sitting of that Convention: "M. Mees declared himself, for

each State by itself, a supporter of a single standard, but he saw serious inconveniences in the adoption by all the countries of Europe, of the same standard, because that would exclude one of the metals completely from the European circulation, whereas, he considered it useful to preserve them both. He would agree neither to a standard of silver exclusively, nor to a standard of gold exclusively."

In the light of this brief sketch of the origin, in 1857, of the present question of mono-metallism, and of its subsequent history, we can easily see how complete a misconception of the case it is, to suppose that "only harmonious action on the part of leading nations can make bi-metallism practical." The truth is that "harmonious action on the part of leading nations" is the only thing which can make mono-metallism "practical," but the absence of such harmony is quite as effectual as its presence to "make bi-metallism practical." It was by the absence of "harmonious action on the part of leading nations" that the metallic monetary standard of Europe was the aggregate mass of gold and silver in use as coin, for the half century and upwards of general coin payments from the peace which closed the Napoleonic wars to 1871-3. The exclusive use of gold established by law in England in 1816, was offset by the substantially exclusive use in fact of silver in Holland and Germany (which included Austria until 1866). This exclusive use of silver existed by law as well as in fact in Holland after 1847 and in Germany after 1857. The bi-metallism of Europe rested upon this diversity of standards between the English on one side, and the Dutch and Germans on the other, and would have rested securely upon that diversity alone, even if it had not been aided by the French law of 1803, sanctioned by the first Napoleon as the final conclusion of the long debate commenced in 1790 by Mirabeau, and which law has ever since remained the base of French finance. This law made either of the metals money at a fixed relation of value to each other, but it did not require the simultaneous use of both, nor did it assume that such simultaneous use was in any way essential to the successful working of the system which it established. In fact, from the resumption of coin payments in gold by the Bank of England in 1821, to the date of the Californian and Australian discoveries, gold was substantially out of use in France. Or, as the present French Baron Rothschild described the experience of his country in his address to the French Monetary Commission of 1869: "In countries with the double standard, the principal circulation will always be established of that metal which is most abundant. It is scarcely twenty years ago that silver was the principal element of our transactions. Since the discoveries of the Californian and Australian mines it is gold which has taken its place. The partial replacement of silver

by gold, which has taken place in these late times, has been effected without inconvenience. They now demand that silver should be demonetized, as fifteen years ago they demanded that gold should be. The French Government wisely refused to demonetize gold then, and it will be equally wise to refuse to demonetize silver now."

So long as the money of the commercial world is metallic, or paper kept at a parity with metallic money, either by convertibility into it, or by limitation of quantity, and so long as the monetary function of both gold and silver is maintained, it will be true, as Baron Rothschild phrased it in the address already quoted from, that "it is the general mass of the two metals combined which serves as the measure of the value of things." It does not require the "harmonious action of all leading nations" of the commercial world to sustain this ancient "measure of the value of things." If it did, it would be in the power of one or two "leading nations," whose governing classes might see personal advantages to themselves in such a policy, to decree mono-metallism in spite of the resistance of all other nations which might be ruined by it.

The dogma has never been heard of in Europe, or anywhere out of the United States, and was never heard of in this country until within half a dozen years, that any commercial nation cannot determine for itself, and according to its own opinions, habits, and peculiar interests, whether its metallic money shall be gold, silver, or both metals under the *régime* of the double standard. A difference of money between nations has always been as universal as a difference in weights and measures of length and capacity, and is no more obstructive to their intercourse. Money is necessarily local, because it can only be established by local authority. There is no more difficulty in converting dollars into pounds, either in reckoning, or in exchange, than there is in converting American bushels into British Imperial quarters, or pounds avoirdupois into French kilogrammes. England, in 1816, ordained a material for its metallic money, differing at the time from the material of the metallic moneys of all the rest of the commercial world, without either apprehending or experiencing any obstruction to its trade. The British rulers of India demonetized gold in that country in 1835, without any fear of an obstruction of trade between England and its chief dependency, from a diversity of standards, and not the slightest obstruction has in fact resulted from it. Holland, one of the wisest and most permanently prosperous of the trading nations, restored its exclusively silver standard in 1847, chiefly upon the avowed ground that it desired a standard different from that of England, with which its commerce was, and is, very great. Germany consulted no other nation, either when it estab-

lished a silver standard in 1857, or a gold standard in 1871-3. No authority in Europe is able to see, any more than M. Mees, the President of the Bank of the Netherlands, was able to see in 1867, any disadvantage to trade in the adoption by the various coterminous countries of Europe of different metallic standards. The theory that a diversity of moneys obstructs international commerce, is peculiar to certain *doctrinaires* in the United States, and is very new here. It was sixty years after England adopted the gold standard, before anybody in this country suggested that we could not trade with the English, unless we also had a gold standard. If it can be at all necessary to further illustrate the frivolity of such a view, it will be sufficient to say, that if identity in the material of money is important in international trade, the United States would find their intercourse obstructed to-day with paper-using Russia, Austria, and Italy, embracing about half of the population of Europe, whereas, it is well known to be as open and free as with France or England; and that the United States, under their own *régime* of irredeemable greenbacks for seventeen years, would have found their entire foreign trade obstructed, whereas it was eminently prosperous. In fact, during those seventeen years, there was the same difference of standard between the Atlantic and Pacific States, as between the Atlantic States and the rest of mankind, and yet there was never for one moment the slightest impediment to trade between New York and Boston on the one side using greenbacks, and San Francisco on the other side using gold.

It does not require any extraordinary discernment to understand how it has happened, that whereas in Europe the demonetization of silver by means of a concerted action among all commercial nations, has been put frankly on the ground of contracting the volume of money in the interest of holders of credits and the receivers of fixed incomes, it has been advocated here by persons who profess to lament the disadvantages of mono-metallism to the owners of all forms of property except money, and to debtor nations and individuals, but who, at the same time, profess to believe that, because three or four nations in Europe have adopted a gold standard, all other commercial nations are forced to do the same thing. It would be politically inexpedient and even odious, to put American adherence to mono-metallism upon the ground of advantage to the creditor and income classes. It is more plausible to put it on the ground of necessity, and especially since the *doctrinaires* who take that view are left at liberty to declare an abstract preference for the use of both the metals. They can thus support the demonetization of silver, and at the same time claim to be "bi-metallists upon principle," just as the late Visconde de Rio Branco, the foremost statesman of Brazil, was "an aboli-

tionist upon principle," while always contending that there must be no abolitionism until slaveholders agreed to it, and whose dying declaration is reported to have been, that it was impracticable to meddle with slavery.

The European *doctrinaires* have always seen that mono-metallism was possible only upon the condition of such a substantial concert of the commercial nations upon one metal, as to deprive the other of the money function. On that sound view of the case, they made the effort partially, but not wholly successful, to get up such a concert by means of the International Monetary Conference in 1867, at Paris, in which the American delegate (Mr. Ruggles), who is now "a bi-metallist upon principle," made himself so noisily conspicuous in favor of gold. On that sound view of the case, they are now unanimous in urging the United States to arrest the coinage of silver, because they know that so long as the first power on the globe sustains that metal, it cannot be ousted from its immemorial position as one of the moneys of the world.

The American "bi-metallists upon principle," who maintain that the coinage of silver is impracticable here, until England coins it for home use, feel sure and have good reason to feel sure, that that doctrine would close the American mint to silver for a period long enough to effect all their present objects.

Upon what ground the English can be specially called upon to give up old prejudices and habits in respect to the local money of the British islands, is not obvious. Without doubt, the Englishmen who favor, and would profit by the final success of Chevalier's scheme of mono-metallism for the commercial world, are numerous and very powerful from their vast accumulations of realized wealth, but it is clearly a mistake to suppose that the Government of the British Empire has ever done any act in aid of that scheme. The law of 1816, passed in pursuance of Lord Liverpool's theories of 1805, was put avowedly on local grounds, as well as actually confined to a small locality, and neither did have, nor was intended to have, any effect to take away the functions of silver as one of the money metals of the world. In 1835, the Government of India, which is directed from London, demonetized gold in that vast dependency, in which it had previously been a legal tender. For forty-five years it is British authority which has maintained silver as the exclusive standard of India, and during all that time it is by British mints there located, that more silver has been coined than by any other nation on the globe. It is from London that this policy has been dictated, and we know that in 1879 this policy was firmly maintained by the British Ministry against the advice and request of the British officials in India. Those local authorities had succumbed to selfish and

sinister influences on the spot, which had devised the scheme of suspending the coinage of silver until rupees should be artificially raised in value, in a degree corresponding with the rise in the value of gold, which had been brought about partly by the declining production of gold, and partly by the crusade against silver inaugurated by Germany in 1871, and aided by the American legislation of 1873. The British Ministry saw that the proposed tampering with, and violent appreciation of, the currency of India, was intended to increase the value of the salaries of Indian officials, and of the credits of Indian banks and bankers, at the expense of the general public of India, and especially of the tax-payers of India, and they rejected the scheme. The British Parliament, after a thorough discussion, supported the Ministry in rejecting it.

At the Paris Monetary Conference in 1878, Mr. Goschen, the leading British delegate, was entirely justified in claiming as he did, that the British Empire is bi-metallic, not in the form of the concurrent use of the two metals in all parts of it, but in the form of using gold exclusively in some portions and silver exclusively in other portions. It is clearly true that British bi-metallism supports silver most effectively in the latter form, inasmuch as the great bulk of the population under British rule is in silver-using India. Mr. Goschen was therefore right in maintaining that England was doing more than any other nation to uphold the monetary function of silver. On that point, the Paris *Bourse* newspaper, of a recent date, well says: "News which we receive from London assert that England would adhere to a bi-metallic convention, such as it is now proposed to arrange between the leading commercial nations, not, it is true, on her own account, but for India. *This is all that can be desired under the existing circumstances.*"

Certainly this country, either in respect to its interests as a great silver producer, or in respect to the immeasurably greater interest which it has to sustain the double standard, can ask of England nothing more or better than that. In fact, whatever may be done by Continental Europe, the mono-metallism of Chevalier will be conclusively defeated on the day when England and the United States come to an arrangement that the coinage of silver at the Indian and American mints shall be continued under existing laws.

GEO. M. WESTON.

January, 1881.

ENGLISH DECISIONS DURING 1880.

DIGESTED FOR THE BANKER'S MAGAZINE.

POWER TO GIVE A GUARANTY.

A company having unrestricted banking powers may, when necessary to secure the interests of shareholders, guarantee the obligations of another company. The West of England and South Wales District Bank has carried on a general banking business at Bristol and elsewhere, since 1835. Its deed of settlement (which is the instrument corresponding to articles of association under American general banking laws) conferred banking powers in broad and unrestricted terms, but did not specifically confer any power to guarantee engagements of other companies; and it did provide that the bank "shall not be concerned in any other adventure, trade or business" than banking. It also declared that in all cases not covered by the deed, "it shall be lawful for the general board of directors for the time being, to act in such manner as may appear to them best calculated to promote the interest and welfare of the company." In course of time the bank made advances to a firm of tin-plate makers, Booker & Co., and when these advances amounted to upwards of £400,000, the bank urged Booker & Co. to transfer their plant and good will to, and re-organize their business in, a limited company. This was done; the motive being to improve the security of the West of England Bank for its advances. In making the change it was necessary to settle with a Mrs. Booker, who had an interest in the firm of Booker & Co. The offer was made to her to give her the debentures or bonds of the new, limited company for £18,000, the estimated value of her interest. She refused to accept these debentures unless the bank would guarantee the payment of the interest. The bank, rather than that the plan of forming the new company should fail, agreed to do this, and a written guaranty was given accordingly. On the subsequent failure of the limited company and of the bank, Mrs. Booker claimed in bankruptcy as a creditor of the bank on the guaranty. There was no question that the directors intended to give a guaranty, but her claim was contested upon the ground that they had not power to do so. The Court held that the claim was valid. Giving the guaranty was, under the circumstances, a banking transaction. The bank had a legitimate interest in carrying out the plan for improving the financial condition of Booker & Co., and might have taken the debentures and disposed of them with a guaranty. The effect of the provisions in the deed, taken together, was that the directors must not go into any other than a banking business; but they had the broadest power of conducting every kind of banking business, and of doing whatever in the business of bankers they might think was for the benefit of the company. To make the arrangement proved, for the purpose of better securing the advances they had made to Booker & Co., was within banking business. Chancery, *Re West of England Bank*, L. R. 14 Ch. D. 317, 28 Week. Reporter, 809; 49 L. J. Ch. 400; 42 L. T. N. S. 619.

[NOTE.—The reader will notice a similarity between this decision and one rendered by the United States Supreme Court at about the same time, in *People's Bank v. Manufacturers' National Bank*, 100 U. S. 181; to the effect that a National bank can guarantee obligations which it sells.]

FOLLOWING TRUST FUNDS ON DEPOSIT.

A Mr. Hallett, a solicitor, was a trustee of some bonds, Without authority, and improperly, he sold them and paid the proceeds into Twinings' Bank to his own credit. He made other deposits in bank, of his own money, and the trust money was mingled with his, no distinction of any kind being made. He afterwards drew out by ordinary checks, several sums which he used as his own. At length he died insolvent, and at his death the balance to his credit was large enough to pay the trust fund, and more. If, however, each check was considered as drawn against the specific deposit previously paid in, the effect would be that a large portion of the trust money must be considered as having been paid out. Therefore, in settling his estate in bankruptcy, the persons interested in the trust fund claimed that they were entitled to be paid in full; that they had the right to follow the specific money on deposit, and so far as that was needed to pay their demand it ought to be considered as having always been theirs. The other creditors disputed this position and denied any right to follow the deposit, and urged that the deposit, having been made in Hallett's individual name, was simply an indebtedness of the bank to him, the proceeds of which must be divided according to the principles of the bankrupt law.

The Court of Appeal (in England) decided in favor of the right to follow the deposit. Says one of the judges, in substance: Nothing can be better settled than this, that where a man does an act which may be rightfully performed he cannot say that it was intentionally and in fact done wrongfully. A man who sells the goods of another as agent for the owner, cannot prevent the owner from adopting the sale, by his denial that he acted as agent for the owner. When this principle is applied to the case of a trustee who has blended trust moneys with his own, the result plainly is to forbid his saying that he took away the trust money, if he had a right to take away his own money. The simplest case is the mingling of trust moneys in a bag with money of the trustee's own. Suppose he has a hundred sovereigns of the trust money in a bag, and he adds to them another hundred sovereigns of his own, and they are all commingled so that they cannot be distinguished, and the next day he draws out for his own purposes £100. Is it tolerable to say that what he drew out was the first £100, and that he misappropriated it, while he left his own £100 in the bag? Obviously he must be considered to have taken that which he had a right to take—his own £100. What difference is there if, instead of keeping the money in a bag, he deposits it with his banker, and then pays in other money of his own and draws out money for his own uses? Can he say that what he drew out was not his own money, when his money was there and he had a right to draw it? Why should the natural act of simply drawing out money be attributed to anything except to his ownership of a part of the deposit? It is very true that a deposit banker is a debtor for the money, and not a trustee in the strict sense of the word, and that, in settling accounts between banker and depositor, it is proper to treat the first sum drawn out as drawn against the first sum paid in. But this is merely a presumption for convenience in accounting, and ought to give way whenever there are circumstances to render following it unjust; such as the proof made in this case, that one of the deposits was the specific property of third persons, against which the depositor had no right to draw his individual checks. Court of Appeal, *Re Hallett*, L. R. 13 Ch. D. 696.

BANKERS' ACCOUNTS AS EVIDENCE IN COURTS.

To remedy the great inconvenience sustained by bankers by reason of officers being subpoenaed as witnesses, and their ledgers and account books being often required to be produced in courts, in evidence of the various transactions recorded, Parliament, in 1876 and 1879, passed laws to admit bankers' entries and to permit sworn copies of entries in books of banks to be used as evidence without producing the original book. It would seem that such legislation would be judicious and convenient in this country. The English law, as it now stands, provides that a copy of any entry in a banker's books may, in all legal proceedings, be received as *prima facie* evidence of such entry; and that a banker or bank officer shall not be compellable to produce the original book, or to attend as a witness, unless some special reason is shown. To warrant receiving the copy there must be an affidavit or testimony that the book is one of the ordinary books of the bank, and is in its custody or control; that the entry was made in the usual course of business; and that the copy has been compared with it and is correct. In a suit which arose since this law, a borrower asserted that he had repaid his loan, and claimed that the lender should deliver up to him his note and the collateral. To disprove the allegation of payment the lender's counsel produced sworn copies of the books of the bank where the defendant kept his bank account, which tended to show that the loan had not been paid. The borrower's counsel objected that it was unreasonable to suppose Parliament intended to render a man's own bank account evidence against him in favor of third persons who had no concern with the keeping of it. But the Court decided that the statute was broad enough to cover the case. The purpose was to make it easier, in general, to prove banking transactions. Bank accounts are usually and probably disinterested and truthful. Therefore Parliament says that they, or sworn copies of them, may be received in evidence. It makes no difference what the legal proceeding is in which they are wanted, or how they may affect the parties. Chancery, *Harding v. Williams*, L. R. 14 Ch. D. 197; 49 L. J. Ch. 661; 42 L. T. N. S. 507; 28 Week. R. 615.

A REMARKABLE LIBEL SUIT.

A curious libel suit was brought by the Capital and Counties Bank, under the following circumstances. Henty & Sons were brewers on a large scale, and were owners of a number of public houses scattered throughout the county of Sussex. They were accustomed to supply beer to the tenants of these houses, and the tenants, when settling day came, very generally paid for the beer by checks drawn by them respectively on some branch of the bank; and Henty & Sons usually got these checks cashed, or paid them in to their own account at the Chichester branch of the bank. At length a new manager was appointed for the Chichester branch, who refused to cash the checks of the ale-house keepers except such as were drawn upon the Chichester branch. This new rule led Henty & Sons to issue and send to the tenants of their public houses a circular in these words: "Messrs. Henty & Sons hereby give notice that they will not receive in payment checks drawn on any of the branches of the Capital and Counties Bank." The effect of this circular was to cause a run on the bank, and to do serious injury to its credit—at least so the bank alleged; and it sued Henty & Sons for libel, contending that the natural implication from the

circular was that the bank was not to be trusted to meet checks drawn upon them. The Court of Common Pleas thought that the circular might reasonably bear that meaning, and that if a jury should be of opinion that Henty & Sons intended to convey that imputation upon the responsibility of the bank, they ought to be made to pay damages. These judges said that the brewers might have protected themselves by sending to each tenant a notice: "We will not receive from *you* checks, &c." But, as the circular was expressed, it declared that they would not receive any person's check. Thus expressed, the circular, if it came, as it easily might, being printed and sent to a great many taverns, under the eye of strangers, would naturally give a false and injurious impression against the bank. But the Court of Appeal decided the question the other way. They said that the circular did not contain, in terms, any statement defamatory to the bank or injurious to its credit, and therefore the bank could not recover damages unless there were special circumstances to render it, not merely careless or injurious, but intentionally defamatory. If Henty & Sons had posted in public places or advertised in the papers: "We hereby give notice that we will not take any checks of the Capital and Counties Bank," it would be libelous; for this would be, obviously and intentionally, an announcement to the public generally, whereas it ought to be confined to persons with whom they had business reasons for communicating. They had not, however, issued a general advertisement, but only a circular to their own customers. And the circumstances were such as to give them a reason and a motive quite consistent with entire absence of malice, for letting these customers know the change demanded in the mode of payment. Very likely it would have been more prudent to have stated in the circulars the reason for the change announced, but the omission to do so might probably have been only carelessness or inattention. There was no ground, upon all the facts, to suppose that the reason was withheld from a malicious intent to injure the bank. The brewers were not bound to give a reason; they had the right to decline checks, and to say to their customers that they had decided to decline them. Court of Appeal, *Capital and Counties Bank v. Henty*, 49 L. J. R. N. S. 830.

DISCOUNTING BILLS.

Mycock and Beatson were in business together in partnership, as owners of chemical works at Rotherham, but Mycock was a dormant partner only, and the business was carried on in the name of "Wm. Beatson" as the firm name. Beatson, without authority from the articles of copartnership or the firm, drew and signed accommodation bills of exchange in his own name, one of them being addressed to him at the place of business of the firm. These bills were discounted by the Yorkshire Banking Company under the supposition that they were partnership bills, and that Mycock as well as Beatson would be liable upon them. But when they matured, and were not paid, and suit was brought, Mycock disputed his liability. And the Court of Appeal held that he was not, under the circumstances, liable. The general rule as to holding one partner for a bill drawn in the name of the firm cannot be fully applied to the case of a firm business done in the name of an individual partner used as a firm name. Where this is done, and the individual member does not carry on any business separate from that of the firm, there is a presumption that a bill of exchange drawn, accepted or

indorsed in the common name is a bill drawn, accepted or indorsed in the name of the partnership, and is one for which both partners are liable. This is, however, only a presumption. The partner who had no share in drawing the bill and obtaining the discount can free himself from liability by showing that the circumstances of the case were such that the bank could not, in the ordinary course of business, have taken the bill upon the supposition that it was a firm obligation. And there is no difference, in respect to this privilege, between a dormant, and an ostensible, partner. To make such proof where the bill is made in an ordinary, apparent partnership name is, often, not easy. But when an individual name is used for a firm name, slighter circumstances will suffice to charge the bank with the duty of ascertaining definitely that the paper is intended as a partnership contract. In the present instance there were such circumstances. If the bill were intended as a partnership bill, it was a fraud upon the dormant partner, whereas, if an individual contract, it was an honest and valid one; now fraud is never to be presumed. Then the bills were never treated by either Beatson or Mycock as having been made for the firm; and Beatson swore that he always intended them as his private engagements only. Again, the money did not go to the benefit of the firm, on the contrary Beatson's discounting transactions rather tended to diminish its capital. Lastly, if the bank had furnished the money in actual reliance on Mycock's liability as partner, they would have had ground in justice and business usage to claim to hold him, if he had done anything to justify such reliance. But he was a dormant partner, and the bank had no reason to suppose, when they took the bills that he was liable. Therefore judgment was rendered sustaining Mycock's defence. Court of Appeal, *Yorkshire Banking Co. v. Beatson*, L. R. 5 C. P. D. 109,

WINDING UP THE CITY OF GLASGOW BANK.

A decision of the House of Lords in a case arising out of the well-known failure of the City of Glasgow Bank, is noteworthy. About a year before the failure of the bank a Mr. Houldsworth bought from the directors £ 4,000 worth of stock in the bank, for which he paid about £ 9,000. He was induced to make this purchase by false and fraudulent statements, published by the directors, giving favorable accounts of the bank's affairs, at a time when it was, in point of fact, on the verge of failure. And the circumstances were such that if, while the bank was still continuing business, he had offered to return the shares and had sued the directors for the fraud, he could undoubtedly have recovered damages. But this was not done. He continued a shareholder until the bank went into insolvency, and he was then placed upon the list of persons who were to be held individually liable to make up the deficiency in its assets. He then brought this action, claiming that he ought to be treated as a creditor of the bank, not as a shareholder, and that he ought to be repaid, out of the assets, the money which he invested, and ought to be indemnified against any claim that he was individually liable. The House of Lords decided against his suit, on the ground that the right of a person cheated into buying bank stock to recover back the money is conditional upon his returning the shares purchased; now this had become impossible from the failure of the bank. Ho. of L., *Houldsworth v. City of Glasgow Bank*, L. R. 5 App. Cas. 517.

MINNESOTA'S DEBT.—GOV. PILLSBURY'S MESSAGE.

We copy below the concluding portion of the Message of Gov. Pillsbury, delivered to the Legislature of Minnesota on the 6th of January, and containing in full all that relates to the suspended debt of that State. The sentiments which he expresses do honor to him, and it cannot be doubtful that they will be sustained by the legislature and people of Minnesota. The Governor says:

In the discharge of a final duty, I should deem myself recreant to the high trusts confided to my care should I fail to embrace the occasion to make a last appeal for the performance of a simple act of justice toward those who have so long and fruitlessly held the solemn obligations of the State. I can but express my regret that in the performance of so clear a duty I incur the displeasure of many citizens entertaining different views, for whose candor and judgment I cherish a high regard. In my former messages, as well as in those of my predecessors in office, the circumstances attending the issue of the so-called Minnesota State Railroad bonds, and the urgent importance of providing for their settlement, have been set forth.

The fact that the principal of these bonds will become due so soon after the next regular session, that too little time thereafter will be left to provide for meeting them, invests the subject at this time with new importance, and renders the prompt and final adjustment of this long-standing indebtedness a matter of solemn and imperative duty. However good citizens may honestly differ as to the nature and force of the obligation represented by these bonds, the absolute necessity that some kind of disposition should be made of outstanding paper, bearing the sovereign pledge and attestation of our State, will be conceded by all. Without questioning the sincerity of those who oppose full payment of the debt, it is difficult to see why there should be serious differences among honorable parties where the essential conditions of the contract are undeniable.

That the original proposition was amply discussed, deliberately adopted and overwhelmingly indorsed by the people, is a matter of record. That the railroad companies faithfully performed their part of the contract, so far as to entitle them to the bonds conditioned upon such performance, is attested by the sworn statements of official inspectors, as well as by the high character of the faithful executive, by whom full compliance was exacted. That the taking possession of the property and franchises of the companies obliges the State to pay the bonds is beyond question, since she acquired such property and franchises upon that sole condition; while the sole justification and purpose of such acquisition was reimbursement to the State, for payment by the State. These, it seems clear to me, include all the considerations that need be embraced for an honorable settlement upon the legal aspects of the question. When to these is added the unquestionable fact that our magnificent railroad system of to-day is largely due to the early labor performed upon the trunk lines for which these bonds were issued, there can be little need of more words to establish the justice of this claim upon the State.

That the scheme was premature and unwise, for so young and feeble a commonwealth, was not the fault of the holders of the bonds; nor are they blameworthy because the railroad property recovered upon foreclosure was not applied to the liquidation of the

debt. The bondholders, or those they represent, performed the labor contracted for so far as construction went. That it did not go further was not their choice or desire. They were in no wise responsible for the abandonment of the enterprise. For these services so performed they received promise of payment from a sovereign commonwealth, and they have been waiting twenty-two years for the fulfillment of that promise from a State which boasts of its progress and prosperity.

The State having chosen foreclosure as her remedy, and disposed of the property thus acquired unconditionally as her own, the conclusion seems to me irresistible that she assumed the payment of the debt resting upon such property, by every principle of law and equity. The liability having been voluntarily incurred, whether it was wisely created or no is foreign to the present question. It is certain that the obligations were fairly given, for which consideration was fairly received; and the State having seized the railroad property and franchises to indemnify her for payments of the bonds, it is difficult to see what possible justification there can be for her refusal to make such payment.

This debt was incurred in the darkest period of our existence. It was in the struggling hour of birth, when we had little population or wealth, were without agriculture, manufactures, or railroads, and were rich only in youth and hope, Congress had just made us a munificent land grant in aid of a comprehensive railroad system, but before it could be made available the financial crash of 1857 wiped out private fortunes, overthrew public credit, paralyzed industry, and swept the country with financial ruin. Capital which had eagerly sought investment, with little temptation, could scarcely now be lured by any offer from its safe retreat. Our landed endowment promised to be but a barren gift, for without capital it was wholly useless as an incentive or practical means for the construction of the contemplated railroads. In this crisis, when stagnation and despair threatened a total wreck of all our hopes, men were found who reposed faith both in our resources and in our honor. They proved their faith by their works. Some of them are poor, while the State is rich. Should such men be rewarded by reproach and betrayal, or by justice and gratitude from the State they served?

The circumstances were not unlike those under which the National bonds were issued which saved our country from destruction. In both cases the emergency summoned men of faith and courage to the rescue; in both, the vital necessity was for prompt and ample funds at a time when capital was most alarmed and least obtainable. In both, the credit of the borrowers was bitterly assailed and depreciated by enemies in the trying hour; in both the actual amount realized upon the bonds, when at their lowest value, was but a fraction of the nominal sum for which they were issued; in both, the great end contemplated was, nevertheless, materially subserved by the obligations issued; and, in my candid judgment, the argument in both is of equal force for shameless repudiation or honorable payment. The brightest jewel in the National crown of honor shines with the luster of the faith kept with those who trusted the nation in her hour of need. Shall our State wear the black stigma of broken promises to those who served her extremity? At a time when the value of financial credit classifies anew the roll of honorable debtors and exalts our country among the nations of the earth, shall our own State

skulk behind her defense of sovereignty and defy the rule of right because simply she has the might? Shall Minnesota herd with the repudiating States of the South and bear aloft the crown of shame as the only dishonored State of the North? Nay, I would not wrong the suffering South; for while there may possibly be some palliation for default by States crippled with internal disorders and scourged by war, there is none for a State fattened by prosperity and blessed by fortune.

The discharge of this debt is demanded as a simple act of justice, which would be none the less imperative were it to involve serious sacrifices. But these are not required. The task is plain and easy and level to the simplest comprehension. The half million acres of lands, which cost us nothing and came opportunely to hand, as if fortune would lure us from dishonor, can be so advantageously employed in this direction that scarcely an appreciable increase of taxation would be required to liquidate the debt. Indeed the exhibit of the State Auditor shows that with a wise use of these lands this can be accomplished at the present rate of taxation, without any increase of taxation. There would thus seem to be every incentive to favorable action, and none for shrinking from a duty so clear and imperative.

Progress and prosperity, and all the institutions and achievements of which we are justly proud, are nothing compared with the maintenance of a spotless name. Personal debtors give securities by which justice may be compelled. A sovereign State gives only her honor as the priceless pledge of payment. Fellow-citizens, let *that* be preserved, though all else perish. This subject has been presented in all its aspects; the legal obligation of the State has been affirmed by high judicial authority. The equities, the moral requirements and matters involving simple business policy pertaining to it have been conclusively shown. But in order to remove all possible doubt from the legal basis upon which the whole claim rests, it would be well, as a first step toward settlement, to obtain from a competent source such an authoritative verdict as shall forever set the question at rest. To this end I would respectfully recommend—that at an early day of this session the opinion of the Supreme Court of this State be obtained in some way that shall forever settle the question as to the validity of these bonds.

Minnesota has in most respects a proud place among the States of the Union. She has evinced her patriotism in war and her wisdom in peace. She has shown more financial sagacity and concern for the National credit than older and wealthier States, of which more was expected. She has been permitted to grow in prosperity and power. There is everywhere within her broad limits, progress, order, thrift and contentment. All industries prosper, and all interests point to a glorious future. Only this dishonored debt dims the bright promise of her proud career. But it meets her at every turn. In every civilized community her citizens are shamed with the scathing taunt of repudiation.

One day Minnesota will have a history; but whether it shall be a history of honor or dishonor her people must soon determine. By the simplest rule of fair dealing—in the name of law, justice and honor as the last public utterance I may make to you, I implore the people of Minnesota and you, gentlemen, their honored representatives, to seize this last opportunity, before it is too late, to wipe this only blot from the fair name of our beloved State.

CURRENT EVENTS AND COMMENTS.

BET SUGAR IN CALIFORNIA.

The San Francisco *Commercial Herald*, of Dec. 16, says: "Beet sugar manufactories in this State seem to be experiencing a greater degree of prosperity than has heretofore fallen to their lot, Prices are more remunerative, competition less urgent, and by reason of careful management, the field of saccharine matter appears to return a greater percentage of sugar than has been the case in past seasons. Nor do we hear any complaints as to the quality of their out-put. About 2,000 bbls. per month are now said to be turned out by the two beet-root sugaries now in operation in this State."

BUSINESS OF CHICAGO IN 1880.

A review of the business for 1880 in Chicago shows unparalleled prosperity and increase in the aggregates. Hundreds of new industries have been established, thousands of dwellings and business houses have been erected and manufactures have in some cases more than doubled in value and amount. The bank clearings have increased over last year, which was the heaviest in the history of the city, by \$336,000,000, the total for the year being \$1,693,000,000, and the banks give a flourishing financial exhibit. But the chief increase is in the grain trade. Elevator room has been increased over 2,000,000 bushels. There has been an aggregate of grain received of 161,000,000 bushels, against 138,000,000 in 1879, and 60,000,000 in 1870. The increase of this year over last is in corn and oats, the other cereals showing a falling off owing to the "corner" of 1879, which brought out heavy quantities of old grain. In 1879 the receipts were 3,370,000 barrels of flour, 34,000,000 bushels of wheat, 64,000,000 bushels of corn, 17,000,000 bushels of oats and 7,000,000 bushels of rye and barley. This year the receipts were 3,000,000 barrels of flour, 23,000,000 bushels of wheat, 95,000,000 bushels of corn, 22,000,000 bushels of oats, and 7,000,000 bushels of rye and barley. The shipments this year were 156,000,000 bushels and last year 126,000,000. The prospect for the spring and winter is the brightest possible for a continuation of the increase of the trade of cereals as well as for general business revival. In nearly every other commodity dealt in on 'Change there has been a marked increase in amount and in prices paid. Thus there were 52,000,000 pounds of grass seed, against 48,000,000 pounds in 1879. There were 188,000,000 pounds of flax seed, against 118,000,000 pounds last year; 65,000,000 pounds of butter, against 54,000,000 pounds last year, and 68,000,000 pounds of hides, against 54,000,000 pounds last year. In the provision trade there has been considerable forward stride. For the year ending November 1, 1880, 5,375,000 hogs were slaughtered here, against 5,089,000 in 1879, and this in the face of a serious labor disturbance lasting through the better part of the packing season. This business has all grown up since 1853, when the first hogs were slaughtered here to the number of 22,000. The aggregate weight of this year's killing was 1,100,000,000 pounds, and the value \$62,000,000, an increase of \$20,000,000 over the value of the hog crop of 1879. Seven million hogs, 1,354,000 cattle and 329,000 sheep were received, and 860,000 cattle and 1,380,000 hogs were shipped.

THE MICHIGAN SALT INDUSTRY.

The East Saginaw salt inspection for the year closed November 30, and the product of the year is reckoned from that date. During November the amount inspected was 271,858 barrels; total product for the inspection year of 1880, 2,678,368 barrels, the largest product in the history of salt-making in Michigan. The product for 1879 was 2,058,040 barrels. The price during the present year has averaged about seventy-five cents per barrel. The product this year has been shipped chiefly to Chicago, Milwaukee and Toledo. New blocks and improvements to be made during the winter will largely increase the manufacturing capacity for next season.

MOVEMENT OF MICHIGAN FOREST PRODUCTS.

The movement of forest products by water from the Saginaw River during the season of 1880, are the largest in the history of the lumber trade of Saginaw, although the season closed three weeks earlier than last year. The total shipments from the opening of navigation to the close were 769,573,000 feet of lumber, 168,145,400 shingles, and 34,280,000 lath. The lumber shipments exceed those of 1879 by 91,000,000 feet. The lumber product of the mills this season will approximate 775,000,000 feet, about 50,000,000 in excess of the season of 1879.

NORTHERN AND SOUTHERN MILLS.

The *Boston Commercial Bulletin* says: "Persons often get a wrong impression when the number of cotton mills in one place is compared with the number in another. A comparison of spindles is a much better gauge to the productiveness of the mills. For instance, North Carolina's sixty-seven mills have only about half as many spindles as one of Lawrence's mills—the Pacific. All the mills in the South have only one-third as many spindles as Rhode Island's mills alone. Georgia has the largest number and the most flourishing cotton mills in the South, yet she uses 10,000,000 pounds of cotton less per year than Maine. Vermont five years ago had ten mills, with 46,000 spindles, while Tennessee's forty mills had but 55,000 spindles."

LUMBER IN WASHINGTON TERRITORY.

The Seattle (W. T.) *Intelligencer* says: "We have been asked to estimate the quantity of timber standing on the soil of Washington Territory. Our timber-land acreage has been, we think, exaggerated in the past. Not all the land covered with trees is available or good for lumbering. Much of it has been burned over. More is too young and small for cutting, while a still greater area is on ground too rough for profitable working, or is too sparse in growth. Estimates of twenty-five and thirty million acres of good timber land are wild and wide of the mark. Also, many of the estimates of the yield per acre. Here and there a piece of land can be found from which a fabulous quantity of fine timber can be taken; but they are the exception rather than the rule, and they are hunted diligently and prized accordingly. Our Territory contains an area of almost 42,000,000 acres, including its mountain ranges, water courses, timber and prairie lands. Of these, probably 5,000,000 acres of the most available lands will average 50,000 feet of good timber to the acre, or, in the aggregate, will yield the enormous quantity of 250,000,000,000 feet. On the remaining 37,000,000 acres, probably as much more can be obtained with fair profit, a total aggregate of

500,000,000,000 feet of lumber. This is an enormous quantity—as much as has been consumed in all the shipyards, on all the railroads, and in all the housebuilding of the United States during the past one hundred years. If properly conserved, the forests of Washington Territory will undoubtedly yield double the quantity named in the foregoing. To do this the ruthless destruction of timber that is constantly encountered must be stopped. Forest fires must end, and the saplings must be allowed to mature. In all parts of the United States more wood has been destroyed than used, and the same is as true of Washington Territory as of the Atlantic States.

MONTREAL MANUFACTURES.

The *Toronto Times*, of December 24, 1880, has the following paragraph: "At no time within the last ten years have matters connected with the manufacturing interest in Montreal, given so much evidence of activity. The demand for factory premises and power, is almost unprecedented, and it is stated that several Montreal firms, which wished to secure the lease of premises with water privilege on the canal, that have been vacant for several years, were somewhat surprised to find that they had already been engaged. At Cote St. Paul and the St. Gabriel Locks, it is stated that there is not a vacant factory, several American manufacturers of shovels, implements and general hardware, having engaged all the available premises, to begin operations in the spring. The number of applications for permits to erect steam engines in the city has been larger this year than for a number of years back."

MINING UNDER THE SEA.

In England some of the coal mines have been run out under the ocean. In Northumberland the net available quantity of coal under the sea is estimated at 403,000,000 tons; and on the Durham coast under the sea, including a breadth of three and one-half miles, with an area of 71 square miles, 734,500,000 tons. This latter is said to have an aggregate thickness of 30 feet distributed in six seams, but how it is to be worked is a problem to be solved in the future, and with respect to which there are and will be many opinions.

As to the coal under water, it has been estimated that the coal will be worked under the sea a distance of three and one-half miles by means of land collieries, and that a further breadth of seven miles may be worked by sinking shafts for ventilating in the sea itself. To what actual distance from the shore coal will be available is a question that cannot be readily answered, as much will depend upon the depth, thickness, absence of faults, as well as the nature of the strata, and the depth of the sea bottom.

HUDSON BAY SUMMER NAVIGATION.

Prof. Bell, of the British Geological Survey, embarked in a sailing vessel at York Factory, Hudson Bay, last spring, for England, to test again the practicability for summer navigation of those waters. Cable advices received announce his arrival at London. The vessel was three weeks wind-bound in Hudson Straits, and during that period not an iceberg was seen. Prof. Bell further announces that Hudson Straits are open for navigation during five and a half months each year. As the result of this information, an Ottawa dispatch says, surveyors in connection with the Hudson Bay and Winnipeg Railroad Company will almost immediately leave for the Northwest to survey a line.

REDUCING THE INTEREST OF GOVERNMENT LOANS

The following is from the London *Economist*, of Dec. 11, 1880: "The Belgian Government, not many months since, reduced the rate of interest on £ 18,600,000 of its debt from 4½ per cent. to four, without one single holder requiring to be paid off. The French Government, it is well known, might have lowered the rate of interest on its five-per-cent stock long since. In this country the interest on the Indian five-per-cent. stock, £ 17,200,000, was reduced to four per cent. without any difficulty this summer. These operations will certainly all tend to fix attention on the English funds, and to raise the question whether a lower rate than three per cent. might not be proposed in their case. To many of the older, and especially to provincial holders, such a proposal would appear almost revolutionary. Three per cent. has seemed something nearly sacred in their eyes—the rate which, or something above it, was to be expected from a really first-class security.

Still a security subject, in the feeling of many, to no appreciable risk, and one—the income from which reaches the owner without the outlay either of time or labor, is so convenient to hold that it is more than probable that the bulk of the holders of consols would accept a moderate proposal for the reduction of the rate of interest without much remonstrance.

THE COMMUNAL PROPERTY OF SWISS CANTONS.

Mr. Hitz, the Swiss Consul-General to the United States, makes the following explanation (reported in the *New York Tribune*), in respect to the accusation that Swiss paupers are shipped to this country by the Swiss authorities:

"In all the Cantons of Switzerland, he says, many ancient practices are still retained. Among these is the recognition of individual ownership in certain public property of the Commune or Canton, especially the public forests. In this respect the Government is nothing more than a joint-stock concern from which any citizen who has determined to emigrate may, with the consent of the authorities, withdraw the value of his individual share. Until within a short period, too, a person who desired to become a full citizen of any Canton was required to pay into the public treasury a certain sum for the privilege. In some of the Cantons this sum was considerable. For example, a person who desired to acquire the right of citizenship in Basle was at one time required to pay an amount of money equal to \$600 or \$700. Whenever a citizen of one of the Cantons determines to emigrate to another country, he may apply to the public treasury and receive his share of the common fund. What he thus withdraws may be called his individual share of the common stock, and is as much his own property as any other that he may possess. Mr. Hitz asserts that all these so-called appropriations by the Swiss Cantons or Communes are simply the sums paid out of the common treasury, as described above, to persons who are entitled to receive them, and are in no sense appropriations of public funds, nor are the persons paupers to whom the money is paid."

BANK CLERKS' BENEFICIAL ASSOCIATION OF PHILADELPHIA.

The twelfth annual meeting of the "Bank Clerks' Beneficial Association of Philadelphia" was held at Friendship Hall, on the evening of December 14th, 1880, with the President, B. F. Dennisson, in the Chair, and with G. A. H. Rose Recording Secretary.

The report of the Board of Management, submitted by the President, gave the following exhibit as to membership and finances:

"Number of members at last report, 275; elected during the year, 11. Total, 286. Resigned, 1; deaths, 5; dropped for non-payment of dues, 9—15. Present membership, 271; number of Honorary members at last report, 26; present number, 27. Gain, 1. It is worthy of note that of those dropped for non-payment of dues, the large majority have ceased to be in the employ of banks.

"There has been received for dues and assessments, \$2,937.50; from interest on investments, \$572.70; donation from Philadelphia Clearing-House Association, \$2,254.00; from Honorary members, \$100; \$5,864.20. Paid for benefits, \$2,500.00; paid for expenses, \$151.71—\$2,651.71. Net gain, \$3,212.49. Cash balance at last report, \$2,286.10. Cash balance at this date, \$5,498.59. Invested fund—United States four-per-cent. loan, \$10,000 Philadelphia City four-per-cent. loan, \$1,000.00; Mount Holly Street ground rent, \$833.33—\$11,833.33. Total assets, \$17,331.92. Total amount paid for benefits since the organization of the Association, \$21,500; the receipts from dues, assessments and interest for the year are in excess of the amount paid for benefits and expenses, \$858.49. Owing to the high premiums on all securities which are a legal investment, your Board has not deemed it advisable to increase the invested fund. The Board gratefully acknowledge the receipt of additional contributions from the Philadelphia Clearing-House Association, of \$2,554.00.

"Frequent complaints having been made by members and the heirs of deceased members, of the difficulty of collecting the benefits of the Association, under the requirements of our present law—the Board, after careful consideration, and with a view to remove these difficulties, as far as may done, consistent with the safety of the Association, recommend the adoption of the following amendment to the Constitution:

"Article VI, Section 3d, to be amended to read as follows:

"From the funds of the Association, within thirty days after the death of a member, shall be paid to such person or persons as he shall have designated in writing upon the books of the Association to receive the same, or, in default of such designation, to his legal representatives, such sum (not less than \$500) as shall be fixed by the Association, at its annual meeting."

"Accompanying this report were the Reports of the Recording Secretary, and the Treasury of the Auditing Committee.

"The election for officers and Directors to constitute Board of Management was then held, with the following result:

"*President*—B. F. DENNISSON; *Vice-President*—ARTHUR WELLS; *Treasurer*—R. E. WRIGHT; *Recording Secretary*—G. A. H. ROSE; *Corresponding Secretary*—EDWARD WHEELER; *Directors*—L. RENSCHAW, W. T. NELSON, JOSEPH ROBERTS, W. DEPUY, G. T. CATHELL, C. S. AUSTIN, G. W. MARSH, THEO. MUSGROVE, J. B. STEWART, JNO. C. GARLAND, CHAS. ATHERTON.

"The proposed amendment to the Constitution was unanimously adopted and, on motion of E. R. Marsh, the benefit for the ensuing year was fixed at five hundred dollars."

though some of these failures may be accounted for by a departure from legitimate business principles, and by undertaking to attempt the control of the market for large products. Still, disasters are numerous, which seem almost unaccountable in the present prosperous condition of things. In this connection the recent events which have occurred in the Southern States call for attention. The casualties in the interior towns in that section have been very numerous and very startling, and jobbers and others who have large interests there, are beginning to feel an apprehension which is hardly in consonance with the existing state of things elsewhere. The causes of the frequent failures in this direction are supposed to be overstocking in autumn, the bad weather which has pervaded a large area, and the slow delivery and realization of the cotton crop in consequence. In the West, Northwest, and in the Middle States, failures are not so numerous, but when they do occur, they are very significant in character, and very much calculated to disturb the happy frame of mind which the year under review has created."

REVIEW OF THE STOCK AND MONEY MARKET FOR 1880.

The year has been characterized by a general advance in the prices of stocks and securities, and especially of those which are generally recognized as sound and are designated as *investment securities*. The impression has been gaining through the year, in both American and European financial circles, that there is a tendency downward in the rates of interest to be expected from long investments. In the United States the growing belief in such a tendency is shown very strikingly in the change of opinion as to the interest which must be paid on the new securities to be issued to take up that part of our National debt which falls redeemable in 1881. One year ago the Secretary of the Treasury, and the bankers of New York and the country generally, believed that it would be necessary to offer 4 per cent. The impression is now universal that an offer of $3\frac{1}{2}$ per cent. will be sufficient, and the impression of many is that it need not exceed 3 per cent.

The changes in the rates for call money at the Exchange have been frequent and very marked. The lowest rate was reached in August, when there was a quotation of 1 per cent. In each of the months of September and October, there was a quotation of $1\frac{1}{2}$ per cent. On the other hand, in each of the first four and the last two months there were quotations, on some days, of a commission in addition to the legal rate of 6 per cent. The maximum quotations of such a commission for a day's use of money were $\frac{1}{4}$ in January, $\frac{1}{8}$ in February, $\frac{1}{4}$ in March, $\frac{3}{8}$ in April and $\frac{1}{4}$ in each of the months of November and December. These extreme fluctuations in the rates of interest were confined to call money at the Stock Exchange. The rates upon commercial paper were steady and never high. The lowest quotation on four months' acceptances was $4\frac{1}{4}$ in July, and at no time was more than 6 per cent. paid. Sixty and 90-days indorsed paper was negotiated in July at from 3 to $3\frac{1}{4}$, and was below 6 in every month except December. The range on good single-name paper on four and six months was between $5\frac{1}{2}$ and 7 through the year. At no time did the prices of sound, interest-bearing securities seem to be affected by the condition of the market for call money. There was a steady tendency to a rise in such securities, and a steady belief that the rate of income to be looked for in purchases of them must fall.

The dominating fact of the year, as affecting the rate of interest, was the constant purchasing by the United States Treasury of Government bonds, out of means provided by surplus revenue. These purchases, aggregating for the year upwards of \$103,303,300, although adding nothing to the currency, in-

creased by so much the available loanable capital of the country. It was that new supply which prevented any strain arising from the largely increased calls for railroad construction. Such a strain was anticipated in the early part of the year, but it did not come. The letting out of means previously locked up in the National debt, added to the current savings of the people, was found to be amply sufficient to meet the extraordinary demands for public enterprises, without either bringing on a pinch in the home market, or necessitating the making of loans abroad.

The volume of the paper currency has remained steady. The amount of the greenback currency is absolutely fixed by law, and the variations in the National bank-note currency have been as a matter of fact entirely unimportant. The metallic currency has been increased (say) \$100,000,000 in the gold part, by net imports of that metal and by the excess of the domestic production beyond the demands of the arts, and (say) \$27,000,000 in the silver part by the coinage of the new dollars. These additions have not produced any excess of currency, as is indubitably shown by the fact that the relative range of prices here and abroad is such as to cause the balance of our foreign trade to be favorable to the United States. In a country on the metallic standard, it is this relation between prices at home and prices abroad which determines the volume of the currency.

The fact of there being too much money will be soon shown by its flowing out, and if there is too little it will flow in. In the early part of last year it was the opinion of many persons that an export of gold would commence in June, instead of which an import commenced in July, and was continuous during all the fall months.

During the whole year the balance of flow of American stocks and securities must have been inward rather than outward. The balance of trade, including merchandise, specie and bullion, was in favor of the country by fully \$100,000,000; in addition to which, immigrants have brought in a good deal of money and capital. We do not believe that foreigners can have settled such large demands by freight money, interest accounts, or the expenditure of Americans traveling abroad. Without doubt, a good many of our railroad securities were sold in Europe during the year, but it is equally certain that a good many of our railroad securities have been purchased in Europe during the year, and it is furthermore known that the flow homeward of United States Government securities has been large and continuous. This last flow will be large during 1881, from the paying off of all the Government bonds falling redeemable during the present year.

Bankers' sight sterling exchange was above par during a part of the time in February and July, and was continuously above par during March, April, May and June. During the last five months of the year, it was continuously below par. The lowest points touched were \$4.81½ for the pound sterling in November, and \$4.82 in December.

The number of miles of railroad constructed during the year was about 7,000, exceeding all previous years except one. The crops were uniformly good and abundant, and railroad earnings, both gross and net, largely exceeded those of any preceding year.

January.—The law of the State of New York, reducing the legal rate of annual interest from 7 to 6, went into operation on the 1st of this month, and at the outset produced some disturbance in the market, but this was soon over. The notable events of the month were the sale at 131 by a syndicate of 200,000 shares of the New York Central, purchased of Mr. Vanderbilt at 125, and a sale by another syndicate of 100,000 shares of the Pacific Central.

February.—One of the noticeable features was the advance in the Government 4s to a range between 106¾ and 107¼, notwithstanding a marked money stringency at the Stock Exchange. The price of these 4s had ranged from 103 to 104 at the end of November, 1879, but fell to 102 upon the announcement of the scheme of the President and Secretary of the Treasury to issue an amount of new 4s on thirty years, equal to all the bonds falling redeemable in 1881, or nearly \$800,000,000. But as it became more and more apparent that that scheme was unsatisfactory to the country, and that

Congress would insist upon reducing the public debt, instead of indefinitely perpetuating it, the public credit became stronger and the existing 4s began to rise in the market.

March.—Imports were heavy, and the rates for sterling exchange so closely approximated the gold shipping point, that an export of that metal was by many believed to be imminent. Call money at the Stock Exchange was high during the month, with occasional daily commissions of $\frac{1}{8}$ per cent., and even $\frac{1}{4}$ per cent. The Government purchases of bonds amounted to \$13,516,000, and were a most acceptable relief.

April.—There were the same features as in March, of sterling exchange above par, and of high and frequently stringent money at the Stock Exchange. The stock market was feverish, unsettled and occasionally depressed.

May.—The conditions in the sterling exchange and money markets remained the same. In the stock market the depression reached its lowest point when the suspension of the Reading Railroad, with vast liabilities, was announced on the 21st. After that, there was a steadier feeling and a recovery of prices in some securities, but the aggregate loss by their fall had been severe. During this month, the Secretary of the Treasury expressed his dissatisfaction at the very high prices he had been obliged to pay for 5s and 6s, and announced that he would receive offers for 4s. Some offers of 4s were made, but none at prices which he was willing to pay.

June.—During this month call money fell from 6 to 2, and there was a rapid advance in stock prices and in general buoyancy of feeling. The Bank of England rate, which had stood a long time at 3, was reduced to $2\frac{1}{2}$. On the first Wednesday of the month the Secretary purchased \$1,500,000 of the 4s of 1907, at 108.81@109.10, being his first purchase of that particular security, and he has made none since.

July.—Money at the Stock Exchange was very easy. Sterling exchange declined to \$4.84 $\frac{1}{2}$, and the announcement of a shipment of \$1,000,000 in gold from Europe gave a great stimulus to stock values. During the month the Government purchases of bonds amounted to only \$2,000,000.

August.—The drain of money to the interior became very decided, and although the import of gold was \$9,000,000, the surplus reserve of the New York city banks fell from about 16 millions to about 6 $\frac{1}{2}$ millions. At the Stock Exchange prices were either higher or fully maintained, and the general feeling was buoyant.

September.—The drain of money to the interior continued, and a good deal was said about what was called "the mysterious disappearance of gold." The import of that metal was \$17,000,000, but the surplus bank reserve in New York City fell off about two millions. It was not locked up in the United States Treasury, which applied its entire surplus to the weekly purchase of bonds. In short, the country was learning a new lesson of the power of the agricultural regions to absorb money, when crops and prices were both good. The stock market was feverish, but without any material decline.

October.—The drain of money to the interior continued, and the New York City banks lost another million of their surplus reserve, although the gold import was \$16,000,000. Attention was directed to the pending Presidential contest, and particularly to the State elections of this month in Indiana and Ohio. The results in those States, and especially in Indiana, were regarded as decisive of the choice of Gen. Garfield as President. As a large majority of the operators in stocks regarded such a choice as favorable to a rise in prices, such a rise followed as a matter of course; and money securities and stocks attained prices never before recorded. On the 14th of this month, the Bank of France, which had been subjected to a long-continued drain of gold, raised its discount rate from $2\frac{1}{2}$ to $3\frac{1}{2}$ per cent.

November.—In the earlier part of the month money was loaned at the Stock Exchange at from 3 to 5 per cent., but towards the end of the month there was a severe stringency, and daily commissions ranging from $\frac{1}{8}$ to $\frac{1}{4}$ in addition to interest were paid. This stringency did not, however, affect the prices of Government bonds, which continued to rise under the growing belief that the new loans would be at 3 per cent. The surplus reserve of the New York City banks, which, at the beginning of the month was 3 $\frac{3}{4}$ millions, was

reduced at the end of the month to \$105,675, although the banks contracted their loans \$11,000,000. There were no purchases of the bonds of 1881 during this or the subsequent month, the Secretary of the Treasury having come to the conclusion, which proved to be correct, that it would require all the surplus revenue of November and December to provide for the \$13,400,000 of 6s becoming payable December 31, 1880. Of these bonds he purchased about 2½ millions in November. The import of gold continued through the month, but the drain to the interior absorbed it all.

December.—During this month, rates for call money at the Stock Exchange were variable, but on the average high. Sterling exchange was below par and weak, and the import of gold for the month was about \$18,000,000, the whole of which was absorbed by the demands of the interior. The New York City banks made strenuous efforts to increase their surplus reserve, and on the 24th had succeeded in raising it to \$3,619,900, but at the close of the month it fell to \$2,727,075. During this month, the Bank of England raised its discount rate from 2½ to 3 per cent. Notwithstanding all the existing and apprehended stringency of money at the Stock Exchange, there was an obstinate tendency in investment securities to rise. All the declarations of members of Congress were in favor of issuing no new Government securities at a higher rate of interest than 3 per cent., and what was even more important, it became every day less probable that Congress would agree to any scheme of long bonds, and was determined that the policy of reducing the National debt should be persevered in.

The following gives the comparative prices for four years of some of the leading articles of merchandise:

<i>End of Year.</i>	1877.	1878.	1879.	1880.
Cotton.....per lb.	11½	9½	12½	12½
Wheat.....per bush.	\$1 32½	96½	\$1 48	\$1 17
Corn.....per bush.	64½	47½	64	57½
Oats.....per bush.	40	31½	52½	45
Pork.....per bbl.	13 00	\$7 00	12 25	14 00
Lard.....per lb.	8½	5½	7½	9
Iron, No. 1, foundry...per ton	18 00	17 00	33 00	25 00

Receipts of grain at the four Atlantic ports, 1878, 222,100,346 bushels; 1879, 252,558,833 bushels; 1880, 263,206,144 bushels. Exports of wheat and corn from the four ports, in 1878: 157,491,853 bushels; 1879, 194,984,374 bushels; 1880 (one week estimated), 200,289,081 bushels. The two Western ports, Chicago and Milwaukee, received, in 1880, 170,173,325 bushels of grain, against 147,563,885 bushels in 1879, and 150,093,153 bushels in 1878; and shipped in 1880, 160,101,697 bushels, against 134,350,759 bushels in 1879, and 133,375,525 bushels in 1878.

The clearances of the associated banks of the City of New York for the year 1880 amounted to \$38,614,448,223, against \$29,235,646,829 in 1879, an increase of \$9,377,801,394, while the bank balances were increased only \$109,352,604, having been \$1,559,227,597 in 1880, against \$1,449,874,993 in 1879. The comparative conditions of the New York banks at the end of each year is shown by the following table:

	1879.	1880.		<i>Differences.</i>
Loans.....	\$276,706,200	\$297,756,700	Inc.	\$21,050,500
Specie.....	48,282,100	58,047,900	Inc.	9,765,800
Legal tenders...	12,723,500	12,796,600	Inc.	73,100
Deposits.....	242,087,100	272,466,900	Inc.	30,379,800
Circulation.....	23,748,600	18,408,200	Dec.	5,340,400

The following shows the relation between their total reserve and the total deposit liabilities:

	1879.	1880.		<i>Change.</i>
Specie.....	\$48,282,100	\$58,047,900	Inc.	\$9,765,800
Legal tenders.....	12,723,500	12,796,600	Inc.	73,100
Total reserve.....	61,005,600	70,844,500	Inc.	9,838,900
Reserve required against deposits..	60,521,775	68,116,725	Inc.	7,594,950
Surplus reserve.....	483,825	2,727,775	Inc.	2,243,950

YEARLY RANGE OF PRICES OF STOCKS.

Name.	For the year.				Final sales.	
	Highest.		Lowest.		Dec. 31, 1880.	Dec. 31, 1879.
U. S. 6s 1881 coup.....	107½	May 26	103½	July 9	104½	107½
" " 5s coup.....	104½	April 28	101	Dec. 16	101½	103½
" " 4½s.....	113½	Nov. 23	106½	Jan. 2	112	106½
" " 4s.....	113½	Dec. 9	103	" 2	113½	104
" cur. 6s.....	134	" 27	125	April 21	134	121½
Canada Southern.....	131¾	" 20	40	May 17	74	66½
C. C. & Ind. Central.....	25½	Jan. 26	9½	" 11	21½	20½
Chic., B. & Quincy.....	183½	Dec. 27	113	June 2	179½	134½
Chic., R. I. & Pacific.....	143	" 29	100½	" 11	138½	147
Chicago & Alton.....	159½	" 18	99½	Jan. 2	154	100
Chicago & North-West.....	130	Nov. 29	87½	July 9	127½	90½
" " " Pref.....	146¾	" 24	104	Feb. 10	141	105½
Chic., Mil. & St. Paul.....	114¾	Dec. 31	66½	May 25	114½	75½
" " " Pref.....	114¾	" 31	99	" 10	124	100½
Del., Lack. & West.....	120	" 30	68½	" 25	109½	83½
Delaware & Hudson Canal.....	92½	" 18	60	" 25	92½	74
Hannibal & St. Joseph.....	50½	" 21	22½	" 25	48½	33½
" " " Pref.....	105	" 24	63½	" 25	103½	63½
Illinois Central.....	127¾	" 31	99½	Jan. 2	127½	99½
Lake Eric & Western.....	12¾	" 31	30½	May 11	43½	20½
Louisville & Nashville.....	174	Nov. 31	77	Dec. 8	89	86½
Lake Shore.....	139¾	Dec. 30	95	June 2	134½	100
Manhattan Railroad.....	57½	March 16	21	July 22	34	53½
Michigan Central.....	130½	Dec. 30	75	May 17	125	88½
Mo., Kan. & Tex.....	149½	Jan. 27	28½	" 25	44½	32½
Morris & Essex.....	123	Dec. 27	100	" 24	121½	102
Nash. Chat. & St. L.....	128	March 5	47½	June 1	75	81
New Jersey Central.....	90¾	" 8	45	May 25	84¾	80¾
N. Y. Cen. & Hud. River.....	155½	Dec. 31	122	" 11	154½	129
N. Y., L. E. & Western.....	51¾	" 27	30	June 1	50¾	42¾
" " " Pref.....	93¾	" 27	47	May 25	90¾	69
Northern Pacific.....	36	Jan. 14	20	" 11	34	32½
" " " Pref.....	67¾	Dec. 28	39¾	" 24	66½	55½
Ohio & Mississippi.....	44½	March 6	23	" 25	38½	28¾
" " " Pref.....	102	Dec. 29	66	" 25	100	57½
Panama.....	225	" 13	168	Jan. 2	212	167
Phil. & Rdg. R. R.....	72¾	Jan. 3	13½	July 2	51½	71¾
St. L. & San Fran.....	48	Feb. 2	25½	May 11	45	41
" " " Pref.....	65	Dec. 17	33	" 11	62¾	49½
" " " 1st. Pref.....	100	" 30	60	" 11	99	67
St. L., I. M. & S.....	66	Feb. 17	34½	" 25	54¾	49
Union Pacific.....	113¾	Dec. 28	80	" 11	112¾	85½
Wabash, St. L. & Pac.....	48	Jan. 27	26½	" 25	42¾	42¾
" " " Pref.....	88¾	Dec. 28	51¾	" 25	86¾	64¾
Western Union Tel.....	116½	Feb. 24	77	Dec. 17	81½	102¾
Pacific Mail.....	62	March 8	27½	May 17	51	37½

* Ex dividend 100 per cent. on stock.

BRITISH IMPORTS OF BUTTER.—Of the £ 9,940,412 which Great Britain spent on her butter imports in 1878, the principal quantities and values were as follows. The Irish contribution is not included:

	Cwt.	Value.
Denmark.....	224,427	£ 1,517,467
United States.....	219,794	998,766
Belgium.....	80,073	499,889
France.....	555,272	3,179,326
Holland.....	460,601	2,494,903

The Toronto Times says: "From 1865 the Danish import was steadily increased from 65,555 cwt. to 224,427. Belgium has fluctuated, France has changed but little, and Dutch was not much disturbed. The United States fell off till 1876, when a great increase took place, owing chiefly to the superiority of its new brands. Compared with these figures the consignments from Canadian shores look very meager, being only 6,000 tons of 2,000 lbs., at an average price of only 7¼d. per pound."

INDORSEMENT OF GOVERNMENT DRAFTS.

[OFFICIAL CIRCULAR]

TREASURY OF THE UNITED STATES,
WASHINGTON, D. C., Jan. 7, 1881.

Treasury Drafts and Post-Office Warrants must not be paid until the indorsements conform to the following regulations :

1. The name of the payee, as indorsed, must correspond in spelling with that on the face of the draft; no guarantee of an indorsement, imperfect in itself can be accepted. If the name of the payee as written on the face of a draft is spelled incorrectly, the draft should be returned to the Treasurer United States for correction.
2. Indorsements by mark (X) must be witnessed by two persons who can write, giving their places of residence.
3. Indorsements by executors, administrators, guardians, or other fiduciaries, must be accompanied by certified copies, under seal, of letters testamentary, letters of administration, of guardianship, or other evidence of fiduciary character, as the case may be.
4. Payees and indorsees must indorse by their own hands: officials, officially with full title; firms, the usual firm-signature by a member of the firm, not by a clerk or other person for the firm.
5. Every indorsement must be by the proper written (not printed) signature of the person whose indorsement is required.
6. Powers of attorney for the indorsement of drafts in payment of claims must state the number, date, and amount of draft, and number and kind of warrant, and be dated subsequently to the date of the drafts; must be witnessed by two persons, and must be acknowledged by the constituent before the Treasurer of the United States or an Assistant Treasurer, a Judge or Clerk of a District Court of the United States, a Collector of Customs, a Notary Public under his seal, or a Justice of the Peace or Commissioner of Deeds; if before either of the two latter, the certificate and seal of the County Clerk as to the official character and signature of the Justice or Commissioner is required. If executed in a foreign country, the acknowledgment must be made before a Notary Public, with his seal attached, or a United States Consul or Minister. The officer taking the acknowledgment must certify that the letter of attorney was read and fully explained to the constituent at the time of acknowledgment (see Section 3477, Revised Statutes), and that said constituent is personally well known to him to be the identical person named in and who subscribed his name to said power of attorney.
7. Evidence of authority to indorse for incorporated or unincorporated companies must accompany drafts drawn or indorsed to the order of such companies or associations. Such evidence should be in the form of an extract from the by-laws or records of the company or association, showing the authority of the officer to indorse and receive and receipt for moneys for the company, and giving his name and the date of his election or appointment, which extract must be verified by a certificate under seal signed by the President and Secretary or by one of these officers and not less than two of the Directors; which certificate must state that such authority remains unrevoked and unchanged. If the company have no seal, the extract should be certified as correct by a Notary Public or other competent officer under his seal. When a resolution is adopted at a special meeting of Directors, it must be shown that all had notice of the time and place of such meeting and that a quorum assented to the resolution.

8. The indorsement of all the joint holders or co-trustees, executors, administrators, guardians, or other fiduciaries will be required on drafts, and in the execution of a power to a third party to collect, all must join. In case of the death of either, the survivors will be recognized as having full authority, upon due proof of such death and survivorship.

JAS. GILFILLAN, Treasurer, U. S.

Approved: Jan. 1, 1881:

WM. LAWRENCE, Comptroller.

Approved: JOHN SHERMAN,
Secretary of the Treasury.

RULINGS OF THE FIRST COMPTROLLER OF THE UNITED STATES TREASURY.

ASSIGNMENT OF REGISTERED GOVERNMENT BONDS—KLINK'S CASE.

[This was the case of one Klink, who, being much in debt, invested money in the purchase of Government registered bonds, in a fictitious name, and afterwards, in the same fictitious name, sold and transferred the bonds to other parties.]

The rulings on the case were as follows:

1. The owner of Government registered bonds inscribed in a fictitious name may, by such name, assign them to a *bona fide* purchaser.
2. The Government, as a matter of strict right, is under no obligation to pay the holder of bonds fraudulently caused by him to be registered (inscribed) in a *fictitious* name.
3. Bonds inscribed in a given name are presumed to be owned by some person of that name, and purchasers under one assuming to be owner in a fictitious name, must, to secure a transfer of registry or payment, (1) make clear proof of his ownership, (2) of the good faith of the transaction, (3) by bond indemnify the United States against loss or expense, and to pay any lawful claimant, and (4) furnish such other evidence and do such acts as may, under the circumstances, be practicable and reasonable.
4. If bonds be inscribed in the name of one person, but purchased with the money of another, as between them a *trust* may arise, unless it be rebutted by relationship or other fact. In such cases questions may arise as to power of courts of equity to give relief.
5. The Government is not bound, even on notice of *latent* equities in bonds, to protect them, but may deal with the party holding, in regular form, the legal title.
6. There may be cases in which bonds may so far disclose the character of a trust as to make it the duty of the Government not to permit transfers in violation of it.

CONSUMPTION OF SILVER IN GREAT BRITAIN.—In a report recently published in England by "Her Majesty's Commissioners for the Paris Universal Exhibition of 1878," the estimate is made that 1,300,000 ounces of silver are annually used in Great Britain in solid articles, or "plate," and 1,000,000 ounces in the various forms of plating, in respect to which they say: "One ounce of silver per square foot of surface is equal to about the thickness of thin writing paper, and is considered an excellent coating."

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. TAXATION OF BANKING SURPLUS.

Organized as a co-partnership in the banking business (not incorporated under the State laws) we have accumulated a surplus fund, and carry capital and surplus separate on our books. We have been of the opinion that the surplus was not taxed by the Government, and have, therefore, made returns only on capital. The United States Collector for this district now claims that the surplus is taxable the same as capital, so that we have to report it for taxation as far back as our surplus goes. The Collector says this is the first case of the kind in his district.

We would like to know, through the MAGAZINE, your opinion on the case.

REPLY.—Section 3,407 of the Revised Statutes provides that there shall be levied a tax . . . “upon the capital of any bank, association, company, corporation, and on the *capital employed* by any person in the business of banking,” etc., etc. The meaning of this section was considered by the present Attorney-General of the United States in his opinion of April 7th, 1877, to be found in the Internal Revenue Record, Vol. XIII, p. 126, and in Vol. 31, p. 979, of this MAGAZINE; and, though the question before him was, whether money invested in a banking house is to be considered as “capital employed” in the business of banking, the reasoning in the opinion seems to cover the question raised by this inquiry. He says, in substance, that this tax is not strictly a tax upon property to be levied proportionally, but is an excise duty, being a fixed, direct and absolute charge for a privilege, without any necessary regard for the amount of property belonging to those upon whom the charge may fall, although it may be increased or diminished by the extent to which the privilege is exercised; and that the “capital” fixed by the charter or articles of agreement of a corporation or association, and the “capital employed” by an individual, are taken as the basis for calculating the value of the privilege, and are made by the statute arbitrary standards of computation. The same distinction is observed in the Treasury Department circular, where the *paid-up* capital of banks, associations, companies or corporations, and the *capital employed* in the business of banking of a private banker, are treated as constituting capital for purposes of taxation. If an individual or co-partnership commences business at any time with a certain capital, and afterwards makes profits upon that capital, which are not divided or taken out of the business, but, being allowed to accumulate, are used in it over again, we are unable to see why such profits, so used, are not as much capital employed in the banking business, as any part of the original capital. The device of carrying such profits along in the books of the firm, or individual, under the name of surplus, cannot change the real fact, viz.: that it is capital used in the banking business. The word surplus seems to be more properly used in the case of a bank with a capital fixed by law, to distinguish that part of its assets which may be considered accumulated profits, in distinction from what is charged to the account of the capital; it has no special application to the

case of a private banker, whose capital, in the above sense, is not fixed. It may be said that the law is, upon this construction, more favorable to incorporated banks than to private bankers; but the answer is, that such construction is rendered necessary by the words of the statute. If the inquirers have made incorrect returns in previous years, they are still liable for what they ought to and would have paid, but for the mistake. It is well settled that the United States is not bound by the acquiescence of its officers in an erroneous construction of the tax laws, so that it cannot afterwards insist that the mistake shall be rectified. We, therefore, think that the claim of the Collector is correct under the law.

II. DUPLICATE CERTIFICATES OF DEPOSIT.

We issue a certificate of deposit, payable "on return of this certificate properly indorsed." In a few days afterwards, the payee writes us from a distant point that his baggage was burned while in hands of the express company, that said certificate was among the effects so destroyed, with an affidavit to this effect, and that he had not assigned, nor transferred, said certificate, nor received value therefor in any way whatever, and requests a duplicate, as the certificate, by its terms, is negotiable. These questions arise:

1st. Are we under any obligation to issue a duplicate?

2nd. If we issue a duplicate, and said duplicate is presented and paid, are we released in law from payment of the original, should it prove not to have been destroyed but be in the hands of parties having no knowledge of the existence of a duplicate?

We would like to see these points answered fully and any other questions that might arise in a case of this kind.

REPLY,—1st. No.

2nd. No.

A bank which has issued a negotiable certificate of deposit stands in the same position as the maker of a promissory note. The sole duty of the bank is to pay the amount mentioned in the certificate, to the holder thereof, upon demand; and, if the certificate has been lost, it cannot be compelled to pay the amount thereof to the loser, unless it is furnished with a satisfactory bond of indemnity. The loser of the certificate has no right to ask for a duplicate. If the bank, however, upon being furnished with an indemnity chooses to issue a new certificate, such certificate would, as it were, represent a new deposit, for the bank would still be liable upon the original certificate, in case it has not been destroyed, as represented, but has been negotiated or comes into the hands of an innocent holder for value. If the holder should have heretofore, negotiated the original certificate, or should hereafter pass it to an innocent holder for value and without notice, or if the certificate was lost or stolen (having been first indorsed by the payee), and should have already been, or hereafter be, negotiated to an innocent holder as above, such holder could recover the amount of it from the bank. In such an event the bank must look to its bond of indemnity for reimbursement. The risks, which we have referred to, show why the bank is entitled to be indemnified, before it should be called upon to pay the amount of the original certificate. After it has received the indemnity, whether it shall then pay, or issue a new certificate, is a matter which may safely be left to be governed by the wish of its customer.

III. LIABILITY FOR FORGED SIGNATURE.

A check purporting to be drawn by A on B, a banker, payable to C or bearer, is presented by D, who indorses it. B pays the check and A's signature proves to be a forgery. Has B recourse on D?

REPLY.—The rule of law which has always been laid down upon this subject is, that a banker is bound to know the signature of his customer, and if he pays a forged check to an innocent holder, who has given value for it, he cannot have recourse on the holder. This qualification however, has been made upon the general rule, viz., that the holder has not by his own fault or negligence contributed to the success of the fraud or to mislead the banker. Our correspondent will find in *Morse on Banking*, 2d ed., p. 327, *et seq.*, an elaborate discussion of the question, ~~which~~ our limited space prevents us from giving, but from which it will be seen that the decisions are not uniform. As the question is stated, no other facts being given, we think D is not obliged to refund the money to B; but there is one case which seems to hold—that the mere fact that D indorsed the check before receiving payment may make some difference, and render D liable, although he might not be, if he had not indorsed it. *National Bank of North America v. Bangs*, 106 Mass. 441.

IV. CHECK IMPERFECTLY DRAWN.

Would any person, except the drawer of the check "to Mr. Palmer, or order," mentioned in the January number of the BANKER'S MAGAZINE, have any right of action upon that check against the bank?

Mr. Palmer does not know the drawer, and, in fact, did not know of the check's existence till long after the bank paid it to his sub-agent, who, it is claimed, failed to account for the money. Do you consider that in the case of an accepted check of this kind the bank should account to any one but to their depositor?

REPLY.—Generally speaking, the bank is never liable upon its customer's check to anybody, unless it has accepted the check. If it refuses to honor the check when in funds, it is liable to the depositor for the injury thereby caused to his credit by the refusal, but this is not a liability upon the check. The claim of Palmer, therefore, is a claim wholly upon the drawer of the check, if upon any body; unless possibly in one set of circumstances, and the facts are so stated in our correspondent's letter of inquiry, that we are unable to tell whether those circumstances have arisen or not. Suppose the drawer of the check, wishing to pay a debt to Mr. Palmer, had made his check payable to "Mr. Palmer, or order," and handed it to the sub-agent to give to Mr. Palmer, and then the sub-agent had presented the check to the bank, without the indorsement of Mr. Palmer, and without his authority, and induced the bank to pay it. Now whether the drawer, as between himself and the bank, were willing to accept such check as a good voucher or not, we think it would still remain the property of Mr. Palmer, and that he would have the right to compel the bank to deliver it up to him, in order that he might have an opportunity to sue the drawer upon it. If the bank should refuse to deliver it to him under these circumstances, he might maintain an action against it for such refusal, and would recover as damages the amount of the check. Under no other circumstances which now occur to us, can the bank be liable to Mr. Palmer for the amount of this check.

It is hardly proper to speak of it as an "accepted check." An acceptance is a promise to pay, and this check has been actually paid already.

FINANCIAL MATTERS AT WASHINGTON.

In the Senate, January 5, Mr. Kernan introduced a bill regulating the coinage of the standard silver dollars. It proposes to repeal so much of the Coinage Act of 1878 as requires the Secretary of the Treasury to purchase silver bullion, and to coin not less than two nor more than four million dollars per month. The bill next provides that the Secretary of the Treasury shall hereafter coin only such an amount of standard silver dollars as he may find necessary to meet the demand for them.

In the House, a bill to authorize a charge for melting or refining bullion, when at or above the standard, was passed.

The House, January 6, devoted the day to debating the refunding bill. The only member supporting the bill in its present shape was Mr. Chittenden, of New York. All the other speakers, Messrs. Kelley, of Pennsylvania, Morrison and Springer, of Illinois; McLane, of Maryland; Lounsbury, of New York; Mills, of Texas; Phillips, of Missouri, and Weaver, of Iowa, insisted that the bonds should be short enough to be within reach of the surplus revenue, and that none of them should be longer than on ten years. In the course of the debate, Mr. Hatch, of Missouri, gave notice of an amendment to permit the State banks to issue notes on a deposit of Government three-per-cent. bonds. Mr. Chittenden also gave notice that he would, at the proper time, offer an amendment repealing all acts imposing a tax on the capital and deposits of Savings banks, National banks, State banks and private bankers, providing that the tax on the circulating notes of National banks issued on bonds authorized by this act shall not exceed one-half of one per cent., and providing further that the total amount of silver dollars of 412½ grains, authorized under the act of February 28, 1878, shall not exceed \$100,000,000.

In the House, January 8, the funding bill was taken up, and the pending question was on the amendment moved by Mr. Wood, in behalf of the Ways and Means Committee, to reduce the interest from three and a half to three per cent.

Mr. Claffin had read an amendment he proposed to offer leaving the interest at three and a half per cent. and providing that the bonds shall be redeemable after five years and payable in twenty years.

Mr. Frye said that during the recess he had seen a large number of business men in New York, Boston and New England, and he had come to the deliberate conclusion that it would be utterly impossible to float a three-per-cent. bond running less than thirty years.

Mr. Keifer, of Ohio, offered an amendment to Mr. Wood's amendment, so as to fix the interest at a rate not exceeding four per cent. He believed that four per cent. was as low a rate of interest as the bonds could be floated at.

Mr. Kelley presented a calculation showing that the aggregate amount of interest that would be paid on \$637,000,000 of debt in ten years under a three-per-cent. bond would be over \$191,000,000, while the amount that would be paid on the same debt at its existing rates of interest, under the policy of paying off the debt at the rate of \$5,000,000 a month, would only be \$162,000,000, showing a saving by the latter policy of \$28,000,000.

Mr. Anderson, of Kansas, offered an amendment providing that the interest shall not exceed three and a half per cent., at the discretion of the Secretary of the Treasury.

Mr. Townshend, of Illinois, said that in the discussion the point seemed to be lost sight of that, by an exemption of these bonds from State, municipal and school taxes, the rate of three per cent. was really equivalent to a rate of five per cent. He felt confident that a three-per-cent. bond could be floated.

Mr. McLane, of Maryland, offered an amendment to Mr. Anderson's substitute, so as to make it read "at a rate not exceeding three per cent." He thought that the entire debt of 1881 ought to be paid by short bonds or short Treasury notes.

The vote was then taken on Mr. Keifer's amendment, and it was defeated—12 to 149.

Mr. Randall (the Speaker) believed that the Government could negotiate a bond and a Treasury note at three per cent. Fifteen years' time to run would be sufficient, as far as the bond was concerned, and the 2.10 principle so far as the Treasury note was concerned. There was not a member who had not letters from responsible parties telling him that the Government could negotiate the bonds at three per cent.

Mr. Mills, of Texas, argued that it would be \$100,000,000 cheaper to let the debt stand at five and six per cent. and pay it in five years, than to let it run for twenty years at three per cent.

Mr. Hawley, of Connecticut, said he did not believe that a three-per-cent. bond could be just now floated at par. It was possible, however, that if a perpetual bond were issued (as in England) it could be floated at three per cent.

Mr. Converse, of Ohio, argued that a three-per-cent. Government bond, as proposed, was equivalent to six per cent. interest in private loans.

Mr. Townshend, of Illinois, referred to the recent subscriptions to the Northern Pacific five-per-cent. bonds, and asked the question whether, if an unconstructed railroad could float (at a premium of over two and a half) a five-per-cent. bond subject to all kinds of State and local taxation, there could be any doubt of the ability of the Government to float a three-per-cent. bond exempt from all taxation.

Mr. Keifer, of Ohio, declared his belief that not one three-per-cent. bond would be taken in his or in any other district of Ohio.

Mr. Newberry, of Michigan, offered an amendment striking out so much of the bill as authorizes the issue of bonds and notes, and inserting a proviso authorizing the Secretary of the Treasury to issue three-per-cent. bonds not to exceed \$450,000,000, redeemable after ten years, and payable thirty years after date of issue; also notes in the amount of \$250,000,000, with interest at three and a half per cent., redeemable at the pleasure of the United States after two years, and payable in ten years, which notes National banks shall be permitted to hold as part of their legal reserve.

Mr. Hurd, of Ohio, did not believe that prosperity in any country could long continue without a resumption of specie payments, and he thought that specie resumption in this country was a delusion and a snare. It was based on false and fraudulent silver dollars, and on a legal-tender paper currency.

Mr. Belford, of Colorado, after making some remarks on the silver question, said: "I want to say to my Republican friends of the East that if the single-standard theory is to be the policy of the Republican party, we in the West will make revolt against their banner."

Mr. Fort, of Illinois, argued against the refunding theory.

Mr. Gillette, of Iowa, argued against the policy of refunding and wanted a Treasury note which could circulate as money, and with which every bond that came due in 1881 could be paid.

The committee then, at four o'clock, rose for the purpose, as stated by Mr. Wood, of limiting the debate, but a motion to adjourn was interjected and carried.

In the Senate, January 11, Mr. Bayard, from the Committee on Finance, reported favorably House bill to amend a section of the *Revised Statutes*, so as to authorize a charge for melting or refining bullion when at or above the standard.

The House, January 12, went into Committee of the Whole, on the Refunding bill.

Mr. Stevenson (Democrat, Illinois) opposed the bill, on the ground that it did no more nor less than fix a permanent National debt upon the country.

Mr. Weaver (Greenbacker, Iowa) protested against the refunding of the five and six per cents. into any obligation that would take from the Government the right of redemption for a single day or hour.

Mr. McMillan (Democrat, Tennessee) argued in favor of an amendment, which he proposed to offer, making the bonds subject to taxation.

Mr. Dunnell (Republican, Minnesota) said that he had no doubt that a

three-per-cent. bond would find a ready sale. He would vote, however, for a reduction of the time from twenty to ten years.

Mr. O. Turner (Democrat, Kentucky) opposed the refunding theory. He was in favor of placing an income tax on capitalists and bondholders, and letting the revenue received from that tax go to the extinguishment of the bonds.

Mr. Randall (the Speaker) advocated a three-per-cent. bond. He would compel the National banks to take the three-per-cent. bonds as security for their circulation.

Mr. Buckner (Missouri) opposed the bill. There was a Trojan horse hidden behind it—to make permanent the National-bank system of the country.

Mr. Frye, of Maine, did not believe that any body would voluntarily take a three-per-cent. loan, and he was opposed to dragooning the National banks into taking it.

Mr. Einstein (Republican, New York) and Aldrich (Republican, Rhode Island) opposed a three-per-cent. bond, and Mr. De la Matyr (Greenbacker, Indiana) favored it.

Mr. Haskell (Republican, Kansas) opposed a three-per-cent. bond. No Western National bank could continue business on the basis of a three-per-cent. bond.

Mr. Wood stated that he could furnish the gentleman with letters from Presidents of National banks in the West, in which they declared that they would gladly receive a three-per-cent. bond.

Mr. Haskell replied that that statement had always been coupled with the provision that it should be a bond running some length of time, and that it should be accompanied with the repeal of National-bank taxation.

Mr. Harris (Democrat, Virginia) and Mr. Warner (Democrat, Ohio) argued in opposition to a long-time bond, and Mr. O'Connor (Democrat, South Carolina) advocated a three-per-cent. bond.

Mr. McLane (Democrat, Maryland) warned the Democratic side of the House that it would make a mistake if it absolutely limited the Secretary of the Treasury to a three-per-cent. bond.

Mr. Ward (Pennsylvania) argued in favor of important amendments which he proposed to offer at the end of the bill. They repeal all acts imposing a tax on the capital and deposits of Savings banks, National banks, State banks, and private bankers, all laws imposing a tax on the circulating notes of National banks, and all laws imposing a tax on bank checks.

The time limited for debate having expired, the question recurred on Mr. Wood's amendment fixing the rate at three per cent. on the bonds and notes authorized to be issued.

Mr. Newberry (Michigan) called for a division of the question, and the vote was first taken on fixing the rate on the bonds at three per cent. It was agreed to—132 against 92. The great body of the Democrats voted in the affirmative, and the majority of the Republicans in the negative.

The second branch of the amendment, fixing the rate at three per cent. on the notes, was agreed to without division.

Mr. Sanford (Alabama) offered an amendment providing that before any of the bonds or notes authorized by this act are issued, it shall be the duty of the Secretary of the Treasury to pay on the bonds accruing during the year 1881, all the silver dollars of 412½ grains, and all the gold over and above \$50,000,000 now held in the Treasury for redemption purposes. He argued in favor of his amendment, and Mr. Bland (Missouri) argued in favor of an amendment which he proposed to offer, authorizing the Secretary of the Treasury, to coin the maximum amount of silver dollars and to pay such silver dollars in the redemption of the maturing debt.

Mr. Sanford's amendment was adopted—yeas 83, nays 25.

Mr. McMillan (Tennessee) offered an amendment making the bonds herein authorized subject to taxation. This was rejected—yeas 57, nays 99.

Mr. Randall (Pennsylvania) offered an amendment making the substantial part of the section read as follows:

"The Secretary of the Treasury is hereby authorized to issue bonds in the amount of not exceeding \$650,000,000, which shall bear interest at the rate

of three per cent. per annum, redeemable at the pleasure of the United States after — years. The bonds shall be," etc.

Mr. Randall stated that his intention was to make this a bond loan exclusively. He would at the proper time move to fill up the blank in the amendment by the insertion of the word "two," so as to make the bonds redeemable in two years. He would also offer an amendment providing that the interest on the six-per-cent. bonds shall cease at the expiration of thirty days after notice that the same have been designated for redemption. Adjourned.

The House, January 13, resumed, in Committee of the Whole, the consideration of the refunding bill, the pending question being on the amendment offered yesterday by Mr. Randall.

Mr. Townshend proposed, as a modification of it, that bonds for \$400,000,000 and notes for \$300,000,000 be authorized, which Mr. Randall agreed to and adopted.

Mr. Speer, of Georgia, was in favor of refunding on twenty years and of getting rid of surplus revenue by reducing taxes.

Mr. Mills, of Texas, proposed that the bonds and notes should be redeemable after one year and payable in ten years. Mr. Randall accepted this proposition so far as the notes are concerned. As to the bonds, Mr. Claffin, of Massachusetts, proposed that they should be redeemable in five years and payable in ten years, which was agreed to without a division.

Mr. Ryan, of Pennsylvania, moved to amend, by making the bonds redeemable in five years and payable in twenty years. Rejected—73 against 103.

Mr. Gillette, of Iowa, moved to insert in lieu of the bonds and certificates the words "\$700,000,000 of Treasury notes." Rejected.

Mr. Randall's amendment as amended was then adopted—128 against 2. (Messrs. Weaver and Gillette), thus making the section read as follows:

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 and a half 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 of not exceeding \$400,000,000, which shall bear interest at the rate of three per cent. per annum, redeemable at the pleasure of the United States after five years and payable ten years from the date of issue; and also certificates in the amount of not exceeding \$300,000,000 bearing interest at the rate of three per cent. per annum, redeemable at the pleasure of the United States after one year, and payable in ten years from the date of issue. The bonds and certificates 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 construed as to authorize an increase of the public debt, and provided, further, that before any of the bonds or certificates authorized by this act are issued, it shall be the duty of the Secretary of the Treasury to pay on the bonds accrued during the year 1881 all the silver dollars of 412½ grains and all the gold over and above \$50,000,000 in the Treasury for redemption purposes; and provided, further, that the interest on the six-per-cent. bonds hereby authorized to be refunded shall cease at the expiration of thirty days after notice that the same have been designated by the Secretary of the Treasury for redemption."

Mr. Weaver (Iowa) offered an amendment providing that no portion of the public debt now payable in lawful money shall be funded, under authority of this act, into obligations payable exclusively in coin. Rejected—66 to 96.

Mr. Chittenden (New York) offered an amendment repealing the tax on bank capital and deposits, and providing that the tax on the circulating notes of National banks issued upon bonds authorized by this act shall not exceed one-half of one per cent.

Mr. Mills made the point of order that the amendment was not germane, and that it was embraced in a bill now pending before Congress. He said that if it should be admitted he would bring forward amendments imposing an income tax and revising the tariff.

The point of order was sustained and the amendment was excluded, with the suggestion from Mr. Wood that it could be brought up when the fifth section of the bill was reached, to which it would be germane.

Mr. Anderson (Kansas) offered an amendment prohibiting the incorporation of National banks after June 30, 1881.

A point of order was raised against the amendment, pending which, Mr. Dibrell (Tennessee) offered an amendment imposing an income tax, pending which, the Committee rose.

The House, January 15, went into Committee of the Whole on the refunding bill. The pending question was the amendment moved by Mr. Anderson, of Kansas, January 13, to substitute for National bank notes Treasury notes, but not to be a legal tender. The amendment was rejected by a vote of 108 to 46.

The next amendment was that offered by Mr. Dibrell (Tennessee) imposing an income tax, "the revenue of which shall be exclusively used for the payment of the bonds and notes herein authorized to be issued."

Mr. F. Wood (New York) and Mr. Frye raised the point of order that the amendment was not germane and was substantially similar to bills pending before the House.

The Chair sustained the point of order, and the amendment was not admitted.

Mr. Bland (Missouri) offered an amendment providing that nothing herein contained shall be construed to require the payment of gold or silver coin held for the redemption of certificates issued thereon, nor to reduce the amount of coin held for resumption purposes below \$50,000,000, nor to require the payment of the coin, which may be necessary to redeem the public debt on which interest has ceased. The amendment was rejected, 57 to 98.

Mr. Phillips (Missouri) offered an amendment providing that the certificates shall be issued in denominations of \$10, \$20 and \$50, either registered or coupon. Adopted.

Mr. Price (Iowa) offered an amendment repealing the tax on bank checks. Ruled out on a point of order.

Mr. Singleton (Illinois) offered as a substitute for the first section an amendment providing for discharging the debt redeemable in 1881 by the payment from the Treasury of \$185,000,000 and by the issue of \$400,000,000 in Treasury notes bearing two per cent. interest. Rejected.

Mr. Anderson (Kansas) offered as a substitute for the first section an amendment authorizing the Secretary of the Treasury to issue bonds not exceeding \$400,000,000, bearing interest at a rate not exceeding three and a half per cent. redeemable after two and payable in ten years, and certificates to the amount of \$300,000,000, bearing interest at a rate not exceeding three and a half per cent., redeemable in one and payable in ten years. Rejected—53 to 95, a party vote.

In the House, January 17, Mr. Frye (Maine) offered a resolution, which was adopted, calling on the Secretary of the Treasury for information relative to the character and amounts of the public indebtedness of foreign governments, and the rates of interest, the present market value, the time of payment and the discount or premium realized on the original negotiation of the respective bonds and securities of such governments.

The House, January 18, went into Committee of the Whole on the refunding bill. The pending amendment was an amendment offered by Mr. Carlisle, that after the call for bonds has expired, they shall not be treated for more than thirty days as security for bank circulation. The amendment contained also the following proviso:

"*And provided further*, That section four of the Act of June 20, 1874, entitled 'An Act fixing the amount of United States notes, providing for a redistribution of the National bank currency, and for other purposes,' be, and the same is hereby, repealed, and sections 5,159 and 5,160 of the *Revised Statutes* of the United States be, and the same are hereby, re-enacted."

A motion to strike out this proviso was lost by a vote of 77 to 102, and the amendment was agreed to by a vote of 128 to 101.

A great many other amendments were offered, but they were all rejected.

Mr. Bland (Democrat, Missouri) offered a substitute for the whole bill, authorizing the Secretary of the Treasury to reserve for resumption purposes coin in the Treasury equal to twenty-five per cent. of all legal-tender notes outstanding, and a sufficient sum of coin to redeem silver certificates, and to apply the residue to the redemption of the public debt.

This was rejected by a vote of 43 to 106.

The Committee then rose and reported the bill to the House, when Mr. Wood demanded the previous question, which was seconded, and the main question ordered on the bill and amendments.

Pending further action the House adjourned.

Mr. Carlisle (Kentucky) offered an amendment authorizing the Secretary of the Treasury to make suitable rules and regulations to carry this Act into effect, provided that the expense of disposing of the bonds and certificates shall not exceed one-fourth of one per cent.

Mr. Claffin (Massachusetts) moved to amend by making it one-half of one per cent.

Messrs. Wood and Randall opposed the motion of Mr. Claffin, and it was rejected. The amendment of Mr. Carlisle was then agreed to.

Mr. Carlisle moved to strike out the fourth section of the bill and insert an amendment authorizing the Secretary of the Treasury to use, if he deem it necessary, not exceeding \$50,000,000 of standard gold and silver coin in the Treasury, in the redemption of the five and six-per-cent. bonds of the United States authorized to be refunded by this Act, and to apply the surplus money in the Treasury to the purchase or redemption of United States bonds, provided that the bonds so purchased or redeemed shall constitute no part of the sinking fund, but shall be canceled. The amendment was adopted.

Mr. Carlisle moved to strike out the fifth section and insert in lieu thereof a proviso that after May 1, 1881, the three-per-cent bonds authorized by this Act shall be the only bonds receivable as security for the National bank circulation, or as security for the safe-keeping of public deposits; but that when such bonds deposited shall be designated for purchase or redemption, the banking association depositing the same shall have a right to substitute other bonds of the United States; provided further that no bond on which interest has ceased shall be accepted or continue on deposit for security for circulation or safe-keeping of public money.

Pending the consideration of this amendment, the House adjourned.

The House, January 19, resumed the consideration of the refunding bill.

Mr. Gillette (Iowa) rose to a point of order, and argued that inasmuch as Mr. Newberry (Michigan) had openly stated that he had gone to the National bank of which he was a director, to inquire how he should vote, he had no right to vote on this question.

Mr. Weaver (Iowa) said he would broaden the point of order so as to include every member who was a National-bank stockholder.

The Speaker overruled the point of order.

An appeal from the decision taken by Mr. Gillette was laid upon the table—yeas 220, nays 34.

The question then recurred on agreeing to the amendments reported by the Committee of the Whole to the funding bill.

The first amendment, on which a separate vote was demanded, was the fixing of the rate of interest upon the bonds at three per cent. instead of three and one-half. The amendment was agreed to—yeas 149, nays 104.

The amendment making the bonds 5-10 bonds was adopted without division, as were also the amendments fixing the rate of interest on the certificates at three per cent., and making them 1-10 certificates.

A separate vote was taken on the amendment providing that before any of the bonds or certificates authorized by this Act are issued, the Secretary of the Treasury shall pay on the bonds accruing during the year 1881, all the silver dollars and all the gold over \$50,000,000 now in the Treasury for redemption purposes.

The amendment was rejected—yeas 111, nays 140, and it was stricken from the bill.

The next amendment on which a separate vote was demanded was that the

expenses of preparing, issuing, advertising, and disposing of the bonds and certificates, shall not exceed one-quarter of one per cent. It was agreed to—yeas 151, nays 103.

The next vote was taken on Mr. Carlisle's substitute to the fifth section, which provides that after the 1st of May, 1881, the three-per-cent. bonds shall be the only bonds receivable as security for National-bank circulation, or as security for the safe-keeping of public money, repeals section four of the Act June 20, 1874, and re-enacts sections 5,159 and 5,160 of the *Revised Statutes*. It was agreed to, yeas 137, nays 119.

The bill was then finally passed, yeas, 135, nays 125.

Of the 135 affirmative votes on the final passage of the funding bill in the House, to-day, all but eight were Democratic. Of the 125 negative votes, 108 were Republican, ten Greenback, and seven Democratic. An analysis of the yea and nay vote, on fixing the rate of interest at three instead of three and one-half per cent., shows that of the 149 votes in favor of three per cent., 131 were Democratic, ten Greenback, and eight Republican; and that of the 104 in favor of three and one-half per cent., ninety-seven were Republican and seven Democratic.

INSOLVENT BANKS AND THE TREASURY.

In 1867 the Comptroller of the Currency made an examination of the office of the Assistant Treasurer in New Orleans, and took possession of the office and acted as Assistant Treasurer for some weeks, owing to a defalcation amounting to about \$1,100,000 in that office. The previous assistant treasurer turned over to him a large amount of assets in part payment of his liability, which was confessed. Among the assets was an individual check of the Assistant Treasurer on the First National Bank of New Orleans for \$315,779.10, and the books of the bank showed a balance of that amount. The bank failed on the following day, and the Comptroller of the Currency took possession of the bank and transferred all its moneys, amounting to about \$94,000, to the treasury, in part payment of this check. A receiver soon after took possession of the bank and found that the past due paper and other liabilities of the ex-Assistant Treasurer were more than the amount standing to his credit. Subsequently the United States came into possession of a claim against the bank, and the dividends now unpaid upon this claim amount to \$65,000.

The Comptroller in a letter to the Secretary of the Treasury suggested that the amount of dividends due upon this claim should be allowed as an offset against the claim of the bank for the \$94,000 of moneys transferred, under a misapprehension, from the bank to the Treasury, and that Congress should be requested to make an appropriation for the remainder. The matter was referred to the First Comptroller, who has decided that the offset cannot be allowed, and that the Government is entitled to preference in the payment of the whole claim, thus bringing the bank in debt to the United States. The Comptroller of the Currency holds that even if the Government is entitled to preference on an original indebtedness, which question is now pending in the Supreme Court of the United States, and which has been twice decided, by two different Attorneys-General, adversely to the United States, that, in the language of a previous decision (Justice M'Lean, *United States v. Buford*, vol. 3, Peters, p. 30) of the Supreme Court, "the transfer of any claim to the United States can not give to it any greater validity than it possessed in the hands of the assignor."

LOST UNITED STATES BONDS.

The First Comptroller of the Currency, Judge Lawrence, recently rendered a decision in the case of a lost government bond in which he holds as follows :

First—That coupon bonds, being payable to bearer, the title thereto passes by delivery. Possession, even fraudulently obtained, is *prima facie* evidence of ownership, and all persons not chargeable with knowledge of the fraud may safely purchase from the holder. Second, if the holder of such bonds present it to the Treasury Department for payment, or for the issue of a new bond, and give notice of any defect in his title, payment to such holder will not relieve the government from the duty again to pay the rightful owner ; third, when registered bonds are presented for transfer to an endorsee, the Government is bound at its peril to ascertain the genuineness of the assignment, and in case of transfers by operation of law, as in case of administration, bequest, etc., the Government is bound to ascertain the persons who, by legal right, are entitled to be inscribed as payees ; fourth, payment to a person who is not the owner of a registered bond, even though procured by false personation and with the possession of the bond, will not relieve the Government from liability to the rightful claimant, who has in no way participated in the fraud ; fifth, payment or transfer of registry of a registered bond on a forged endorsement will not deprive the *bona fide* owner of the bond of his rights therein ; sixth, on general principles of the common and civil law, the finder of a Government bond acquires no title therein ; seventh, when the holder of a Government bond presents it to the Treasury for payment, with evidence showing that he is not the owner or entitled to payment, he has no right to a return of the bond to his custody. It is the duty of the Government to hold it to protect the rights of the proper owner until he demands it.

In the matter of the transfer and payment of registered Government bonds, Judge Lawrence rendered, on December 22, a decision in which he holds that, "First, the owner of Government registered bonds inscribed in a fictitious name may by such name assign them to a *bona fide* purchaser. Second, the Government as a matter of strict right is under no obligation to pay the holder of bonds fraudulently caused by him to be registered (inscribed) in a fictitious name. Third, bonds inscribed in a given name are presumed to be owned by some person of that name, and purchasers under one assuming to be owner under a fictitious name must, to secure a transfer of registry or payment, first make clear proof of his ownership ; second, of the good faith of the transaction ; third, by bond indemnify the United States against loss or expense and to pay any lawful claimant, and fourth, furnish such other evidence and do such acts as may under the circumstances be practicable and reasonable. Fourth, if bonds be inscribed in the name of one person, but purchased with the money of another, as between them a trust may arise, unless it be rebutted, by relationship or any other fact ; in such cases questions may arise as to the power of courts of equity to give relief. Fifth, the Government is not bound, even on notice of latent equities in bonds, to protect them, but may deal with the party holding in regular form the legal title. Sixth, There may be cases in which bonds may so far disclose the character of a trust as to make it the duty of the Government not to permit transfers in violation of it."

SAVINGS BANKS.—The recent official reports show Rhode Island Savings bank deposits amount to \$44,755,625, an increase since the last annual return of \$1,660,091. The excess of assets over liabilities amounts to nearly \$2,000,000.

Connecticut Savings bank deposits exceed \$76,000,000, showing a gain of over \$2,000,000 during the year. Governor Bigelow recommends the removal of the tax on deposits and the abolition of double taxation.

THE DEFECTS OF THE FUNDING BILL.

ARGUMENT OF THE COMPTROLLER OF THE CURRENCY BEFORE THE SENATE FINANCE COMMITTEE.

On January 26th the Comptroller of the Currency appeared, by invitation, before the Finance Committee of the Senate to express to them his views of the Funding bill, now before Congress.

Mr. Knox said, in regard to the Act of June 20, 1874: *First*—It reduced the reserve of the National banks, by repealing the section requiring a reserve to be kept in circulation. *Second*—It required National bank notes to be redeemed at the Treasury in Washington, at the expense of the bank. *Third*—It provided for the withdrawal of bonds and the reduction of National bank circulation at the pleasure of the banks by depositing lawful money. *Fourth*—It fixed the maximum amount of legal-tender notes at \$382,000,000. *Fifth*—It provided for the re-distribution of National bank notes authorized by the Act of July 12, 1870, by the withdrawal of \$55,000,000 of National bank notes from the States having an excess of their proportion, and its redistribution among those States having less than their proportion, under an apportionment made on the basis of population and wealth, as shown by the returns of the census of 1870.

Section 4 of the Act which it is now proposed to repeal provides that any bank may reduce its circulation by depositing legal-tender notes. During the first year and a half, to November 1, 1875, \$15,000,000 additional circulation was issued, \$20,000,000 was retired and destroyed without re-issue, and from that date to the present time a greater amount of circulation has been retired under the operation of the act than has been issued; so that the amount originally authorized, \$350,000,000, not including the issues of the National gold banks, has never been called for, and the amount now outstanding is more than \$10,000,000 less than \$354,000,000.

Previous to the passage of this Act a National bank desiring to reduce its capital would be obliged to pay a premium for its own notes, and send them in for destruction, before it could accomplish its purpose; and if this provision should now become a law no bank in the country which has impaired its capital could continue its business, unless it made an assessment upon its shareholders for the purpose of restoring the same. Now, such a bank may reduce its capital under the restrictions of the Act, and retire its circulation, and continue as a legally-organized bank. National banks with small capital not infrequently impair their capital to a small amount on account of bad loans. The amount of this impairment can frequently be restored by reducing their circulation and disposing of their bonds, thus using the margin on the bonds. The act worked so well that about six months thereafter the Resumption Act was passed, which authorized free banking.

These two acts perfected the legislation in reference to the issue and retirement of bank rates. The banks could all not only reduce their capital at pleasure, but could also reduce and increase their circulation whenever they saw fit to do so. Everybody was satisfied. The banks in the East and the West, the North and South, could have all the circulation they desired by asking for it and conforming to the laws; and the banks having more than was profitable could as readily retire it.

The banks promptly deposited the \$15,000,000 of lawful money required by the act, and nearly that amount has been continually in the possession of the Treasurer. They at first objected to the expense, which was onerous, but now all have become accustomed to the restriction. The banks now pay

the expenses of a large division in the Treasury and the expenses of transportation of their notes. In 1872 this expense amounted to the large sum of \$365,193.31; in 1877, to \$357,066.10; in 1878, to \$317,942.48, and in 1879, to \$240,949.95. [Finance Report for 1879, pp. 353-4.] During the past year the expenses have been less and the amount redeemed also much less, because the people prefer National bank notes to gold coin.

The chief compensation received by the banks for this large assessment is the right to retire circulation whenever they may desire. Section 5 of the "Funding Act of 1881" deranges the whole machinery of free banking. It not only prevents the banks from increasing and reducing their circulation at pleasure, but provides in effect, by the re-enactment of Sections 5159 and 5,160, United States Revised Statutes, for a permanent deposit of bonds, amounting to one-third of the capital of each bank. It virtually provides that if a bank has too much circulation it shall keep it. If it has too little it shall not increase it, unless it deposits bonds which are almost certain to be worth less than par. It subjects the banks to an almost certain loss, and requires them to continue to submit to the loss when they might at times retrieve or diminish it, by depositing lawful money in the Treasury and again coming in possession of their own bonds, if the market price should be sufficient to induce a sale.

The Comptroller said the Act of June 20, 1874, and the Resumption Acts had worked well, and the expense of the retirement of the circulation, with very slight exception, had been borne by the banks; that the passage of the proposed amendment obliging the banks to hold one-third of their capital in bonds would oblige fifty-six banks to buy \$8,950,000 only of new bonds in order to conform to the law at the present time, and that if the \$200,000,000 of bonds to mature in May and July should all be paid, the banks would not be obliged to purchase to exceed \$50,000,000 of the new bonds.

Mr. Knox said that there is at the present time \$69,000,000 of circulation which the banks could obtain upon their present capitals upon depositing the necessary bonds, which is good evidence that the profit on circulation is small.

The Comptroller was also questioned upon the dividends of the banks, the number of banks passing dividends, and upon State and National taxation.

He recommended that Section 5 of the Refunding Act be stricken from the bill, and an amendment made authorizing all banks to issue notes for the full amount of capital and ninety per cent. upon bonds deposited, and that the tax upon capital and deposits be repealed. He said that the profit on circulation upon four-per-cent. bonds at a premium of twelve per cent. was $1\frac{1}{100}$ %, where the rate of interest was seven per cent. and $1\frac{4}{100}$ % on three-and-one-half-per-cent. bonds at par.

Upon being asked if a tax upon circulation was necessary to pay the expenses of his office and of the issue of notes, he replied that the gain to the Government from the loss upon the National bank notes now in circulation, if estimated at one per cent., would amount to \$3,500,000, which he said would be sufficient to pay the total expense of the National banks to the Government for the next fifteen years.

Mr. Knox furnished the committee many talbes, among them one giving the names and locations of the banks which had less than one-third of their capital invested in bonds on October 1, 1880.

There are eighteen National banks in New York City, having capital amounting to \$31,300,000, and having \$4,584,000 in bonds. The Act would require them to purchase \$5,849,327 additional bonds.

BANKING AND FINANCIAL ITEMS.

DIVIDENDS.—The Comptroller of the Currency has declared final dividends in favor of the creditors of the Commercial National Bank of Saratoga Springs, New York; of the First National Bank of Brattleboro, Vermont, and the First National Bank of Duluth, Minnesota, making total dividends of 100 per cent., and interest to the creditors of these banks.

He has also declared dividends in favor of the creditors of the following banks:

	<i>Per cent.</i>	<i>Total dividend.</i>
The First National Bank of Newark.....	5	85 per cent.
First National Bank of Delphi, Indiana.....	20	80 "
Charlottesville National Bank, Virginia.....	5	55 "
German American National Bank of Washington, D. C.....	10	30 "

RAILROAD AND TELEGRAPH COMPANIES.—On the 12th of January it was announced that the Western Union Telegraph Company (present capital \$41,049,420) would increase its capital stock to \$80,000,000. The object, as reported and understood, was to use some portion of the increased stock as a means of consolidating with the American Union Company and with the Atlantic and Pacific Company. On the 19th of January, the directors of the companies concerned ratified the plan of consolidation, subject to the assent of their stockholders, which will undoubtedly be given.

At a meeting of the directors of the Union Pacific Railroad Company, January 19, at which it was agreed to increase the capital stock \$10,000,000, to be offered to the stockholders of record February 6 at par, in proportion of one share of new to five of old. This stock is issued for the purpose of providing money for extension and for increasing facilities.

The total number of miles of railroad in Wisconsin at the end of 1880 was 3,133. In 1880, 233 miles were constructed.

THE NEW YORK STOCK EXCHANGE.—On the 7th of January \$30,000 was paid for a seat in the New York Stock Exchange, and on the next day \$32,000 was bid for a seat. The price has doubled within a year.

ARIZONA.—According to the Tucson *Star*, Arizona mines produced \$7,500,000 in 1880, as against less than \$2,000,000 in 1879. Pima County alone gives over \$3,000,000, and is expected to yield three times as much in 1881. The population has doubled in the year; freight receipts increased five fold; new mining locations numbered 5,485, and 1,606 mining sales were effected. The rain fall of the year was 4.99 inches. Tucson City increased its population one-third and received over 35,000 tons of freight, as against 6,000 in 1879, while \$400,000 was expended in new buildings and improvements, and property appreciated sixty per cent. All kinds of business in Arizona has increased wonderfully. The entire span of the Southern Pacific Railroad across the Territory is 339 miles, of which 325 were built since February 1.

GOLD IN ALASKA.—Collector Ball at Sitka, Alaska, has sent to Washington some very rich specimens of gold quartz. He says: "There are immense ledges of this ore, and the free gold runs all through, with little variation in amount from the specimens sent. There can be no doubt of its immense value and richness. It is situated near the coast where the ice blockade be-

gins to break up in April. A party is now on the ground building huts, etc., and several more parties are fitting out. There are large placer beds also, and in the spring there is little doubt that there will be a very great rush of miners. There ought to be a law for them by that time."

COLORADO.—The yield of the Colorado gold and silver mines is reported by some authorities as follows, in six different years :

1870.....	\$2,670,000	....	1878.....	\$10,008,116
1875.....	5,434,387	....	1879.....	17,014,204
1877.....	7,216,283	....	1880.....	22,750,000

In these figures a percentage of lead is included, and also some copper. Thus, the product of 1880 is reported as consisting of \$17,500,000 of silver, \$3,050,000 of gold, \$2,000,000 of lead and \$200,000 of copper. The Wells, Fargo & Co. estimate of the total yield in 1880 is \$21,284,989.

The bullion product of Leadville for the year 1880 was as follows, according to the *Leadville Democrat*: "Total value of ore and bullion exported \$15,095,153. The bullion output of the smelters contained 8,979,399 ounces of silver, worth, at \$1.12½ per ounce, \$10,195,169. This bullion embraced 33,553 tons of lead, worth at \$98 per ton, \$3,335,507. The ore shipments from the district comprised 12,410 tons of ore, worth \$1,460,363. At the end of the year various smelters and firms had 23,750 tons of ore on hand and paid for, containing perhaps \$1,900,000, or double the surplus of a year ago.

During the year ending October 1, 1880, nearly \$700,000 worth of money orders were purchased at the Leadville Post Office.

ILLINOIS.—The total property of all kinds in Illinois, as valued for the purposes of taxation, is \$786,616,394. The total taxes of all kinds in 1879, State, county, city and town, were \$24,259,281, or a little more than three per cent. upon the assessed value of property. It is, doubtless, a much less rate per cent. upon the real value.

MASSACHUSETTS.—The aggregate debt of the State on January 1 was \$32,799,464. A tax levy not exceeding \$1,000,000 will be ample. During the year the total amount of Savings banks deposits was increased by \$11,669,212.84, and the total number of depositors by 30,840. These institutions have fully recovered their normally healthy condition. The public schools cost \$4,519,413.05, the average annual cost for each pupil being \$14.54.

The following is a comparison of the rates of interest obtained by the Massachusetts Savings bank in 1880, compared with 1878 :

	1880.	1878
At under four per cent.....	\$8,900,188	\$3,336,966
Between four and six per cent....	35,788,378	20,417,153
Six and fractions.....	63,924,390	64,536,500
Seven and fractions.....	21,258,579	45,356,280
Eight per cent.....	791,937	2,899,413

It is reported that during 1880 there was a reduction of municipal debt in a majority of the cities and towns in Massachusetts.

MISSOURI.—The biennial report of the State Treasurer of Missouri says: "During 1879 and 1880 the interest on the State debt has been promptly paid; the debt has been reduced \$500,000; all warrants issued for current expenses of the State that have been presented to me have been paid, leaving a balance in the treasury January 1, 1881, of \$531,515 to meet the outstanding warrants, amounting to only \$14,998."

A dispatch from Jefferson City (January 10) says: "Governor Crittenden was inaugurated to-day. The Governor, in his inaugural, recommends the refunding of all that part of the State debt that can be refunded, and thinks a five-per-cent. bond could be readily disposed of. He said the indebtedness of some of the counties in the State is greater than can be paid, and should be compromised; but repudiation, direct or indirect, should not be considered for a moment."

REMARKABLE REVIVAL OF RAILROAD BUILDING.—The *Railway Age* presents a summary showing the mileage of track actually laid down in the United States during the year 1880. The footings are astonishing, showing as they do, that less than 7,027 miles of new track were laid during the past twelve months on at least 234 different lines. These figures are greater than for any year since 1871, and the mileage is greater by fifty-four per cent. than that of 1879. The *Age* anticipates that final figures will increase the grand total to 7,500 miles, a mileage greater than has been constructed in the United States, or any other country, in any previous year. The only State in which no work has been done is Mississippi, and the only Territories are Idaho, Wyoming, and Indian, from which railroads are kept, although eager to enter, and Alaska. Another year will see large additions in these Territories. Dakota leads the country with 680 miles of new track. Texas comes next with 659; then Ohio, 525; New Mexico, 519; Iowa, 445; Colorado, 401; Nebraska, 385; Illinois and Kansas, 340 each. The total mileage in the United States is 93,704, against 60,283 in 1871 and 74,096 in 1875.

TREASURY DECISIONS.—Among recent decisions of the first Comptroller of the United States Treasury are the following: When it has been fraudulently represented to the Treasury Department that a Government coupon bond has been destroyed, and that when so destroyed it was owned by a party named, payment to such party of such bond by the Treasury Department will not deprive another person, the *bona fide* owner of the bond, of the right to the payment.

The payment to such fraudulent claimant does not operate to exhaust so much of the permanent appropriation made for the payment of the public debt as has been so applied, so that a new appropriation is necessary. The appropriations for payment of the public debt are of moneys sufficient to pay bonds called for payment.

CANADA.—The increase of deposits in the Canadian Savings banks during the year 1880 was \$1,800,000.

FOREIGN.—A London telegram (January 16) says:

“The West Lancashire Banking Company (limited), located at Southport, Lancashire, has stopped operations. The bank had been doing business four years, had a capital of £500,000, half paid up, and a reserve of £22,000. The losses are estimated at £250,000.”

A line of steamers between Canada and Brazil has been subsidized by the government of the latter country.

Mr. Caird estimates that a British artisan by two days' wages, or a British common laborer, by four days' wages, can pay the freight from Chicago to Liverpool of one barrel of flour and one barrel of either beef or pork, which he calls “rather a full year's supply of bread and meat.”

The ministerial plan of resuming coin payments in Italy contains the provision, that at least one-half of the metallic reserve to be held to maintain the redeemability of paper shall consist of gold.

The French revenue from indirect taxes in 1880 exceeded the estimates by 169,000,000 francs (about \$33,800,000.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
R. I.	First National Bank,	William J. King, <i>Pr.</i>	N. W. Aldrich.
	Providence	H. H. Thomas, <i>V. Pr.</i>	.....
"	Phenix Nat'l Bank,	Jonathan Chace, <i>Pr.</i>	E. Pearce.*
"	Pawtucket	Robert Sherman, <i>Pr.</i>	.....
"	Pacific Nat'l Bank,	Charles Perry, Jr., <i>Cas.</i>	C. Perry.
"	Washington National Bank,	Arthur Perry, <i>A. C.</i>	C. Perry, Jr.
	Westerly	.....	.....
VT.	First National Bank, St. Albans.	E. A. Sowles, <i>Pr.</i>	R. H. Hoyt.
W. T.	First Nat'l Bank, Walla Walla.	W. Fraser, <i>Cas.</i>	W. V. Spencer.
N. B.	Peoples' B. of N.B., Fredericton.	J. W. Spurden, <i>Cas.</i>	S. W. Rabbitt.
"	Bank of Nova Scotia, Moncton.	F. R. Morrison, <i>Agent.</i>	.....

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from January No., page 577.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
CAL.	Alameda	Union Savings Bank	.....
"	Monterey	Bank of Monterey	.....
ILL.	Kewanee	Union National Bank	.....
"	\$ 30,000	Thomas P. Pierce, <i>Pr.</i>	Hosmer L. Kellogg, <i>Cas.</i>
"	La Salle	La Salle National Bank	Merchants' Nat'l B'k, <i>Chicago.</i>
"	\$ 50,500	Isaac H. Norris, <i>Pr.</i>	W. Glenn Reeve, <i>Cas.</i>
"	Peoria	Peoria Bankers' (Clearing) Asso.	.....
		G. H. McIlvaine, <i>Pr.</i>	B. F. Blossom, <i>Sec.</i>
IND.	Butler	Bank of Butler	Kountze Brothers.
"	\$ 13,000	John M. Washington, <i>Pr.</i>	William H. Becker, <i>Cas.</i>
"	Elkhart	Elkhart National Bank	Imp. & Tra. Nat'l Bank.
"	\$ 50,000	Abram Upp, <i>Pr.</i>	Ed. R. Kerstetter, <i>Cas.</i>
"	Elwood	Citizens' Exchange Bank	Imp. & Tra. Nat'l Bank.
"	\$ 5,000	Benaiah T. Callaway, <i>Pr.</i>	Henry C. Callaway, <i>Cas.</i>
"	Morristown	Morristown Bank	Indiana Nat'l B'k, <i>Indianapolis.</i>
		Alfred S. Tucker, <i>Pr.</i>	William A. Bodine, <i>Cas.</i>
IOWA.	Blanchard	Page County Bank	Preston, Kean & Co., <i>Chicago.</i>
"		Leander Bentley, <i>Pr.</i>	Hamer F. Wilson, <i>Cas.</i>
"	Griunell	Cooper & Beyer	Gilman, Son & Co.
"	Lake City	P. Smith & Co.	.....
MD.	Baltimore	Drovers & Mechanics' N. B.	Chase National Bank.
"	\$ 202,600	Jacob Ellinger, <i>Pr.</i>	J. D. Wheeler, Jr., <i>Cas.</i>
MASS.	Brockton	Brockton National Bank	Maverick Nat'l Bank, <i>Boston.</i>
"	\$ 71,000	Davis S. Packard, <i>Pr.</i>	Clarence R. Fillebrown, <i>Cas.</i>
MINN.	Currie	Murray County B'k (Neil Currie)	Corbin Banking Co.
MO.	Bowling Green	Wm. B. McAlister & Bros.	Bank of Commerce, <i>St. Louis.</i>
"	Hannibal	Commercial Bank	First National Bank.
"	\$ 50,000	George A. Hawes, <i>Pr.</i>	Jesse M. Armstrong, <i>Cas.</i>
"	Warrensburg	Bank of Warrensburg	Metropolitan National Bank.
		H. Y. Hughes, <i>Pr.</i>	J. H. Kinsel, <i>Cas.</i>
OHIO.	Bluffton	People's Bank (D. Russell)	.....
"	Kenton	First National Bank	Ninth National Bank.
"	\$ 50,000	Joseph Panlucci, <i>Pr.</i>	Henry W. Gramlich, <i>Cas.</i>
OREGON	Portland	Portland Savings Bank	Donnell, Lawson & Simpson.
		D. T. Thompson, <i>Pr.</i>	W. V. Spencer, <i>Tr.</i>
TEXAS.	Corsicana	Jester, Pendergast & Co.	.....
"	Gonzales	G. N. Dilworth	.....
"	Greenville	Hunt County Bank (J. W. Rainey)	<i>Cas.</i>
"	Mt. Pleasant	Mt. Pleasant Bank	.....
		T. Morris, <i>Pr.</i>	J. T. McDonald, <i>Cas.</i>
WIS.	Beloit	Manufacturers' Bank (C. B. Salmon & Co.)	.....
ONT.	Dunnville	W. F. Haskins & Co.	Federal Bank of Canada.
"	Hagersville	Squire & Boughner	Fed. B'k of Canada, <i>Hamilton.</i>

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from January No., page 576.)

NEW YORK CITY.....	Fifth Avenue Bank; should be marked * as a member of Clearing House.
" " "	August Belmont & Co.; admit Walther Luttgen.
" " "	Blake Brothers & Co.; dissolved by limitation. Now E. Heineman and Francis B. Blake, London; and Blake Brothers & Co., Boston and New York.
" " "	Brown Brothers & Co.; Herman Hoskier retires.
" " "	R. L. Cutting, Jr. & Co.; dissolved. R. L. Cutting, Jr., continues. Same style.
" " "	Clinton B. Fisk & Co.; dissolved. Now Mackenzie & Williams.
" " "	Hallgarten & Co.; dissolved. New firm. Same style.
" " "	William B. Hatch & Co.; dissolved. Now two firms: Hatch & Peters and Collins, Bouden & Jenkins.
" " "	Charles Head & Co.; admit H. K. Smith.
" " "	Kuhn, Loeb & Co.; dissolved by limitation. Now two firms: Kuhn, Loeb & Co. and M. Gernsheim & Co.
" " "	Ladenburg, Thalman & Co.; Gerson von Bleichröder, special partner.
" " "	Leonard, Howell & Co.; now Decker, Howell & Co.
" " "	John Munroe & Co.; Edward Tuck retires.
" " "	Watson, La Grange & Gibson; now Watson & Gibson.
CAL.... San Francisco.....	Franco-American Savings Bank; in liquidation.
COL.... Del Norte.....	H. Schiffer & Co.; now H. Schiffer & Brother.
GA.... Augusta.....	Commercial Bank; paid capital increased to \$300,000.
ILL.... Aurora.....	German-Amer. Bank (Gardner, Reising & Co.); out of bus-
" .. Hillsboro.....	Haskell, Harris & Co.; Samuel Young, deceased. No change of title.
" .. La Salle.....	Bank of La Salle (J. P. Brown); now La Salle Nat'l Bank.
IND.... Albion.....	Albion Bank; out of business.
" .. Elkhart.....	Elkhart Bank; now Elkhart National Bank.
IOWA... Anamosa.....	Niles & Watters; correct title.
" .. Spencer.....	M. E. Griffin; now Griffin & Adams.
MAINE.. Portland.....	J. B. Brown & Sons; J. B. Brown deceased. Surviving partners, with Philip Greely Brown, continue. Same style.
MD.... Baltimore.....	Drovers & Mechanics' Bank; now Drovers & Mechanics' National Bank. Same officers and correspondent.
" .. "	Alexander Brown & Sons; Alexander Brown, Jr., to sign per procuration.
MASS... Boston.....	Atlas National Bank; surplus and profits \$413,500.
MICH... Belding.....	Leonard & Divine; dissolved. M. B. Divine & Co. continue banking business. Same N. Y. Correspondent.
MO.... Hannibal.....	Rowe & Armstrong; succeeded by Commercial Bank. Geo. A. Hawes, Pr., J. M. Armstrong, Cas.
NEB.... Harvard.....	Payne & Farmer; now L. A. Payne.
NEV.... Reno.....	Paxton, Curtis & Co.; admit B. W. Paxton.
N. Y.... Buffalo.....	Bank of Buffalo; surplus now \$19,000.
" .. Seneca Falls....	First National Bank; closing.

- N. C.... New Berne..... R. H. Rountree & Co.; removed to Norfolk.
- OHIO... Cincinnati..... S. P. Heidelberg & Co; admit David Wachman. Style unchanged.
- " " Kenton..... Hardin Savings Bank; now First Nat'l B'k. Same officers.
- PENN... Philadelphia... William H. Newbolds' Sons & Co.; admit Clement B. and Arthur E. Newbold.
- " " Harrisburg.... Farmers' Bank; surplus now \$17,500.
- R. I.... Providence.... First Nat'l B'k; capital reduced from \$600,000 to \$500,000.
- " " " Clinton R. Weeden; now Clinton R. Weeden & Co. Walter B. Metcalf, William B. M. Miller, and Arthur P. Weeden, being admitted.
- S. C.... Charleston.... People's Nat'l B'k; cap. reduced from \$750,000 to \$500,000.
- TENN.. Chattanooga... Mechanics & Traders' Bank. Closing.
- TEXAS.. Calvert..... J. S. McLendon & Co.; now J. S. McLendon.
- " " Corsicana..... Garitty, Huey & Co.; now Garitty & Huey.
- " " Hamilton..... James & Law; assigned.
- VA..... Danville..... W. S. Patton, Sons & Co.; dissolved. Business continued. Same style.
- " " Fredericksburg. Minor & Co.; J. F. Minor disappeared January 12. Effects attached by creditors.
- Wis.... New Lisbon.... Farmers & Merchants' Bank; (A. B. Briggs); now H. E. Macomber, *Pr.* W. D. Macomber, *Cas.*

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from January No., page 576.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2499	Drovers & Mechanics' N. B. Baltimore, MD.	Jacob Ellinger..... J. D. Wheeler, Jr.	\$202,600	\$202,600
2500	First National Bank..... Kenton, OHIO.	Joseph Panlucci..... Henry W. Gramlich.	50,000	50,000
2501	Union National Bank..... Kewanee, ILL.	Thomas P. Pierce..... Hosmer L. Kellogg.	50,000	30,000
2502	Elkhart National Bank..... Elkhart, IND.	Ed. R. Kerstetter..... Theo. F. Garvin.	50,000	50,000
2503	La Salle National Bank..... La Salle, ILL.	Isaac H. Norris..... W. Glenn Reeve.	100,000	50,500
2504	Brockton National Bank.... Brockton, MASS.	Davis S. Packard..... Clarence R. Fillebrown.	100,000	71,000

AMERICAN PRODUCTION OF GOLD AND SILVER.—It is estimated at the Bureau of the Mint that the mines of the United States have produced during the last seven years about \$28,000,000 of gold and \$271,000,000 of silver, an average production during that time of \$40,000,000 of gold and \$38,750,000 of silver per annum. Of this total production about ninety-five and-half per cent. of the gold and sixty and three-quarters per cent. of the silver found its way to the mints and assay offices to be converted into coin or bars.

NOTES ON THE MONEY MARKET.

NEW YORK, JANUARY 25, 1881.

Exchange on London at sixty days' sight, 4.80½ to 4.81 in gold.

Among the reports from Washington, which are discussed in the loan market, is the statement that nearly seven thousand bills are pending before Congress, and that this morning Secretary Sherman addressed the Finance Committee of the Senate on the Funding bill, a copy of which measure as it passed the House will be found on a previous page of this issue. The chief points urged by the Secretary were designed to elucidate the principle that even if all that has been said for the three-per-cent. scheme should prove true, the provisions of legislation should be broad enough, and the terms sufficiently comprehensive to provide for unexpected contingencies, and to insure the prompt funding of the maturing bonds, for which it was intended to provide. This is no novel suggestion, for Congress has embodied a similar principle of comprehensiveness and elasticity in nearly all the funding bills which have been passed during the last twenty years. Mr. Sherman recommended to the Committee that the bill should be amended so as to make the funding bonds redeemable after five years and payable in twenty years from the date of issue; the interest to be fixed by the Secretary of the Treasury, but not to exceed three and a half per cent. With regard to the one-year Treasury notes proposed in the House bill, Mr. Sherman did not suggest any change in the three-per-cent. rate already fixed for them in the bill. An effort is making to retain the three-per-cent. rate of interest for the long bonds and to make these bonds an absolute thirty-year security. This scheme does not meet with much favor, and Mr. Sherman, in reply to the Committee, said he was not prepared to state whether such bonds could be floated at par. To-morrow Mr. Comptroller Knox will be heard on that section of the bill which requires the National banks to deposit the new bonds as the sole basis for their circulating notes. This is regarded as, in many aspects, the most important part of the funding bill. Its effects upon our banking system may be most salutary if the rate of interest is not too much depressed, and if the fiscal burdens are judiciously diminished, which have become, during the last three or four years, so ruinous and oppressive to the banking business. Next month we shall, perhaps, be able to discuss this question further, and Congress is fully informed upon it. The American Bankers' Association are actively engaged in seeking relief for the banks from taxation, and a multitude of letters and memorials have been sent to Congress from all parts of the country during the last two months.

Besides the banks, the National Board of Trade and other mercantile bodies have adopted resolutions and presented memorials to Congress praying for relief to the banking business from those taxes, which are a burden to commerce and trade, and are equally injurious both to the banking system and to the growth of wealth and productive power throughout the country.

While the bill has been under discussion considerable efforts have been made in Wall Street by certain cliques and speculators to foster the impression that if three per cent. is the basis of the funding operation of the Government a general inflation of values is probable and the rise in the prices of securities will go on at the Stock Exchange. Many thoughtful men urge cogent reasons against this theory, which is not so popular as it has been, though it still retains much of its influence, and has led many bankers and capitalists to buy four per cents. and other securities for the advance which, as they suppose, has not yet culminated, but can be pushed considerably higher under favorable conditions of the money market.

With the exception of the anticipated easing of loans the monetary situation has suffered very few notable changes during the month. The usual return flow of currency from the interior has been somewhat retarded, and opinions differ as to the probable movements of specie and greenbacks from the West and South towards this city, in the early future. A growing conviction in the banking and financial circles favors an active flow of money from other points, as well as the South and West, to the central cities, and there are already indications confirming this view. Last year, at this season, a similar theory was extensively held, but the course of events did not justify it. Whether a different result can be relied upon at present, remains to be seen. Quite a number of our leading bankers think that the same causes which have tended to absorb the vast amounts of currency that have been shipped to the interior since the resumption of specie payments, will continue their activity for another year or two, until the saturation point has been reached. The practical application of this theory to the monetary movements, present and prospective, of the country is very obvious. Unless greenbacks and gold return to the financial centers, the cash reserves will be depressed to a lower level than is required by the exigencies of the banking system, and by the due stability of the commercial business of the country. In this contingency the money market would become sensitive to causes of perturbation which otherwise might not produce much effect. If, for example, the foreign exchanges were to exhibit evidence of a cessation of gold imports and a demand for exportation, this, or many other circumstances which might be mentioned would be capable of precipitating spasmodic fluctuations in the rates of interest, and in the financial activities of the country. Such a susceptible condition of the money market however, implies a state of things, the near approach of which, at present, does not seem very probable, though it is the subject of much inquiry and discussion by investors and capitalists here and abroad. The bank movements show an accumulation of idle capital, the money market is now working easy, and the rates for time loans on Governments and other approved securities are lower than for several months. Subjoined is the Clearing-House statement of the bank averages at New York as compared with those of previous weeks :

1880.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
Dec. 25.....	\$ 292,417,900	\$ 50,086,000	\$ 13,300,900	\$ 18,431,400	\$ 267,068,000	\$ 3,619,900
Jan. 1, '81..	297,756,700	58,047,900	12,796,600	18,438,200	272,466,900	2,727,775
" 8.....	304,080,200	61,948,900	13,817,400	18,426,200	285,787,700	4,319,175
" 15.....	302,864,300	65,162,500	15,686,100	18,425,000	292,376,800	8,054,400
" 22.....	307,839,600	66,484,100	16,895,600	18,345,500	208,931,900	8,146,725

The Boston bank statement for the past four weeks is as follows:

1880.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Dec. 25.....	\$ 146,863,400	\$ 6,162,100	\$ 3,467,100	\$ 87,917,400	\$ 30,720,900
Jan. 1, '81..	147,744,300	6,570,900	3,812,000	90,217,600	30,715,300
" 8.....	148,283,200	7,150,100	3,693,300	93,614,800	30,604,600
" 15.....	150,394,400	7,567,000	3,745,300	95,903,800	30,623,800
" 22.....	150,634,300	7,469,500	3,753,400	97,430,300	30,688,600

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

1880.	Loans.	Reserves.	Deposits.	Circulation.
Dec. 27.....	\$ 72,892,919	\$ 16,506,481	\$ 61,249,401	\$ 12,123,798
Jan. 3, '81..	72,362,901	17,764,848	64,166,366	12,122,597
" 10.....	72,429,057	19,307,806	64,344,188	12,187,128
" 17.....	72,722,820	20,342,942	65,566,215	12,193,537
" 24.....	72,560,007	20,375,040	65,340,431	12,166,558

* Deficiency.

The stock market continues excited and irregular. Governments have been purchased in large amounts, partly for investment by capitalists, National banks, Savings banks and various corporations, and partly by speculators who calculate that either from the failure of the Funding bill or the slow progress of its operation when passed, the National banks will be compelled to purchase the fours at enhanced prices as a security for their circulating notes. From these and other causes an active demand has been well sustained, though there is some uncertainty as to future prices and the transactions are less active than they were a few days ago. Subjoined are the highest and lowest quotations for the month with the aggregate of bonds outstanding:

—Changes since Jan. 1, 1881.—				—Amount Jan. 1, 1881.—	
	Lowest.	Highest.		Registered.	Coupon.
68, 1881.....	coup. 101½	Jan. 3 .. 101¾	Jan. 12 ..	\$ 154,787,750	\$ 46,768,250
59, 1881.....	coup. 101½	Jan. 3 .. 101¾	Jan. 17 ..	313,745,900	155,908,150
4½, 1891.....	coup. 112	Jan. 3 .. 112¾	Jan. 14 ..	175,781,400	74,218,600
48, 1907.....	coup. 112¾	Jan. 3 .. 113¾	Jan. 13 ..	535,163,550	203,256,850
68, currency.....	reg. 128	Jan. 26 .. 133¾	Jan. 13 ..	64,623,512	—

At the London Stock Exchange there has been more inquiry for our Government bonds, and the reports are current that the demand for our best securities by investors in England and Continental Europe will probably be greater this year than ever before. This expectation is founded upon the improved condition of our public credit and upon the large amounts of idle capital which are seeking investment in England. To a great extent, however, its increase just now must be ascribed to the perfection of the international banking mechanism by which the transit of securities originating in this country is facilitated and their absorption by European capitalists is secured. The high character of the banking firms who are engaged in this business is doing much to place this important part of our financial system on a permanent, satisfactory basis, conducive alike to the advantage of foreign investors, and of the railroads and other productive works into which European capital is being so rapidly absorbed. Subjoined are the quotations of our Government bonds at the London Stock Exchange for the month:

— Changes since Jan. 1, 1881. —

Quotations in London.	Jan. 7.	Jan. 14.	Jan. 21.	Jan. 25.	Lowest.	Highest.
U. S. 5s of 1881.....	104½	.. x103½	.. 103½	.. 103½	.. 103½	Jan. 30 .. 104½ Jan. 3.
U. S. 4½s of 1891.....	115½	.. 115½	.. 115½	.. 115½	.. 115½	Jan. 4 .. 116 Jan. 14.
U. S. 4s of 1907.....	116½	.. 117½	.. 117	.. 117	.. 116½	Jan. 4 .. 117½ Jan. 27.

Railroad shares are somewhat weaker after the extraordinary activity of the last few weeks, and a reaction in prices is freely predicted by some of the authorities who have great influence. The large earnings of the railroads yield ample dividends to the principal trunk lines, and the decline in rates of interest for the best bonds and other securities have been much discussed, and are urged among the reasons for the rapid advance in the prices of railroad and miscellaneous shares at the Stock Exchange. Several negotiations of new securities on favorable terms are reported. Among the consolidations which have attracted attention, the chief place is claimed by the amalgamation of the Western Union Telegraph Company with the American Union and the Atlantic and Pacific Companies, with an increased capitalization to eighty millions. Foreign exchange is firm. Bills against produce are in adequate supply, with a good demand for remittance, in part met by bankers' bills drawn against securities exported. The prospective supply of such bills is, however, ample from the Northern Pacific loan of four millions sterling, the Reading preferred bonds two millions sterling and other sources. Of course, these bills will be available by slow degrees, but they will tend to give a steady supply to the market when wanted for remittance. Subjoined are our usual quotations :

QUOTATIONS:	Dec. 26.	Jan. 3.	Jan. 10.	Jan. 17.	Jan. 24.
U. S. 6s, 1881, Coup...	101½	.. 101¾	.. 101¾	.. 101¾	.. 101½
U. S. 4½s, 1891, Coup...	112	.. 112½	.. 112½	.. 112¾	.. 112½
U. S. 4s, 1907, Coup...	113¾	.. 112½	.. 112¾	.. 113¾	.. 113¾
West. Union Tel. Co...	81¾	.. 82¾	.. 97¾	.. 107¾	.. 114¾
N. Y. C. & Hudson R.	148¾	.. 149	.. 151	.. 151¾	.. 150¾
Lake Shore.....	134¾	.. 130¾	.. 133¾	.. 133¾	.. 130¾
Chicago & Rock Island	138¾	.. 136	.. 136¾	.. 138	.. 137½
New Jersey Central...	81¾	.. 83¾	.. 88¾	.. 89	.. 90½
Del., Lack. & West...	106¾	.. 107¾	.. 113	.. 115¾	.. 123
Delaware & Hudson...	91	.. 91	.. 96½	.. 98¾	.. 107
Reading.....	52	.. 51¾	.. 52¾	.. 59½	.. 63¾
North Western.....	125¾	.. 123½	.. 127½	.. 134	.. 130¾
Pacific Mail.....	51¾	.. 47¾	.. 53	.. 53¾	.. 52
Eric.....	49¾	.. 48¾	.. 50¾	.. 51¾	.. 48¾
Discounts.....	5 @ 6	.. 5 @ 6	.. 5 @ 6	.. 5 @ 6	.. 5 @ 6
Call Loans.....	5 @ 6	.. 5 @ 6	.. 5 @ 6	.. 5 @ 6	.. 5 @ 6
Bills on London.....	4.80½-4.83½	.. 4.80½-4.84	.. 4.80½-4.83½	.. 4.80½-4.83¾	.. 4.80½-4.83½
Treasury balances, coin	\$ 77,306,122	.. \$ 71,460,062	.. \$ 68,689,960	.. \$ 67,978,730	.. \$ 66,007,094
Do. do. cur.	\$ 3,768,916	.. \$ 3,795,089	.. \$ 3,500,404	.. \$ 3,757,735	.. \$ 3,829,278

The Bank of England rate is regarded with increasing interest, and the reports are revived that an advance will be made necessary before long by the drain of gold for exportation. This movement, however, shows some indications of a promising character. Last week the gain of bullion in the Bank of England was \$ 760,000, while the Bank of Germany reported a gain of 12,120,000 marks. The amount of bullion in these banks and the Bank of France compares as follows with that reported last year, the proportion of gold and silver in the Bank of Germany being estimated while that of the other banks is official :

	January 20, 1881		January 21, 1880	
	Gold. £	Silver. £	Gold. £	Silver. £
Bank of England.....	24,279,276	..	28,027,949	..
Bank of France.....	21,798,752	..	28,076,742	..
Bank of Germany.....	8,766,308	..	9,448,334	..
Total this week.....	54,844,336	..	66,453,025	..
Total previous week..	54,832,459	..	66,569,523	..

The banks of France lost last week 7,285,000 francs in gold, and the week previous 4,495,000 francs in gold. It now holds only 544,668,500 francs of gold. At the close of last year only 169,018,848 francs of gold were in the Central Bank Reserve at Paris, and over 19,000,000 francs have since been drawn out, of which the Central Reserve has, no doubt, lost nearly the whole. In view of these facts the policy of the Bank of France elicits serious anxiety and is watched with close attention.

The amount of silver certificates outstanding October 1, 1879, was \$ 1,176,721. To September 1, 1880, there was a gradual increase to \$ 7,619,219, and subsequently a much more rapid increase to \$ 36,127,711 on the 1st of January, 1881.

In a case affecting Virginia, the United States Supreme Court has just decided that even if a State has the right to impose a tax on its bonds, it cannot make such a tax an offset against the interest coupons.

In December, 1880, the exports of breadstuffs from the United States were \$ 18,214,746, as compared with \$ 19,155,236 in December, 1879.

During the year 1880, the dividends paid upon mines on the Comstock Lode, amounted to \$ 640,800, while the assessments amounted to \$ 6,792,800.

The exports of domestic provisions and tallow from the United States during the month of December, 1880, were \$ 15,869,211, and during December, 1879, \$ 11,300,754. For the twelve months ended December 31, 1880, \$ 143,723,663 and for the same period in 1879, \$ 110,307,154.

A telegram from Ottawa (January 18) says: "The local banks have several millions of dollars now uninvested, which they are at present offering here at two and three per cent. in large sums.

According to the London *Bankers' Magazine*, the banks in London discounted paper in 1880 at an average rate of two and three-tenths per cent., as compared with an average rate of one and three-quarters per cent. in 1879. Their average allowance on deposits in 1880 was one and seven-tenths per cent., as compared with an average rate of one and four-tenths per cent. in 1879. Their profit from the use of deposited money was, therefore, greater in 1880 than in 1879, and their dividends were correspondingly enlarged.

The London meeting, Dec. 23, of the holders of the bonds and shares of the Reading railroad, after hearing Mr. Gowen, indorsed, with only one dissenting vote, his plans of deferred income bonds and of refunding all the debts in five-per-cent. consols.

The British net silver export to India in November, 1880, was £ 176,144, as compared with £ 920,316 in November, 1879. To China (including Hong Kong) it was £ 85,890 in November, 1880, as compared with a net import of £ 11,175 in November, 1879.

During the year ending September 30, 1880, the sinking fund of the State of New York was increased \$ 599,851, and \$ 8,000 of the State debt wa

canceled, but on the other hand, there was a decrease of cash on hand amounting to \$1,090,141. This is not a flattering exhibit. For the current year, there is a promise of better things, as there is an increase in the current tax levy. The Governor, we are glad to see, proposes no borrowings of any kind. New York is well able to pay its expenses as it goes along, and to maintain the sinking fund which will finally relieve it of the incubus of debt.

In December, the City of Worcester (Mass.) sold \$500,000 of her four-per-cent. bonds, having twenty-five years to run, at 106.

The Boston *Economist* says: "When we sit down and seriously ask ourselves the question, whether we really mean to pay a debt which we prefer to fund in thirty and forty-year bonds, rather than in bonds running ten years, it is not very doubtful what secret reservation lurks in our purpose. Putting off is not in the spirit of paying at all, but generally in a quite contrary one. It is hardly human nature to pay off a debt before it is due, and no outcry would be more sure to follow, than that the Government was paying premium on a debt which was not due."

During 1880, 5,578,000 bushels of wheat and 9,450,358 bushels of corn were shipped from St. Louis to New Orleans (principally by barges) as compared with 2,390,897 bushels of wheat and 3,585,589 bushels of corn in 1879.

During the month of December, 1880, the amount of National bank notes outstanding (exclusive of gold notes) increased by the sum of \$655,267.

The customs receipts the past year at Montreal were \$6,349,789, against \$4,512,453 in 1879. The internal revenue receipts were \$1,209,674, against \$865,591 in 1879.

Of the called five and six-per-cent. United States bonds, exclusive of those which become payable December 31, 1880, there were outstanding at the end of 1880, nearly \$5,000,000. Among them are \$1,300,000 of the 10-40s upon which interest ceased July, 1879. Of these overdue 10-40s, the National banks hold \$500,000.

During 1882 the following bonds of the State of Pennsylvania become payable:

Six per cents.....	\$9,271,850
Five per cents.....	1,209,350
Four and a half per cents.....	87,000
Total.....	\$10,568,200

These debts will, of course, be refunded and at much lower rates of interest.

During the year 1880 the receipts of flour and grain at New York amounted to 171,776,749 bushels, against 164,014,479 bushels in 1879. The exports were 135,204,800 bushels, against 124,350,932 bushels in 1879.

The N. Y. City valuation for taxation purposes, completed last month, was \$988,789,989, being an increase of \$38,209,639, as compared with last year. The increase is largely due to the new buildings in the up-town wards.

Mining rumors come from all quarters. It is now reported that numerous gold discoveries are being made north of Lake Superior.

Reports from some parts of Illinois are to the effect that money sent there or investment in farm mortgages cannot be placed. Illinois farmers are rather paying off old debts than making new ones, and sometimes they can borrow home money at better rates than Eastern money.

During the year 1880 there was an increase of \$ 2,258,727 in the amount of National-bank notes outstanding, but there was also the much larger increase of \$ 7,693,066 in the amount of greenbacks deposited by retiring, liquidating or failed National banks for the redemption of their notes. Taking both things together, there was, therefore, an actual contraction of the paper currency to the extent of \$ 5,434,339.

In the eleven months from January 1 to December 1, 1880, the amount of pig, scrap, bar, sheet, band, hoop and scroll iron, and of rails of all kinds in the bonded warehouses in New York, Philadelphia, Baltimore and Boston, increased from 135,383 tons valued at \$ 719,004, to 424,192 tons valued at \$ 11,447,810.

During the last six months of 1880 there was a distribution of 5,597,000 silver dollars from the New Orleans Mint, on orders for them from the Southern States.

During the week ending June 20, the Bank of France lost 7,285,000 francs in gold, and 470,000 francs in silver.

During December, 1880, British imports were £ 33,216,852, and British exports of home productions were £ 18,214,749. This is a decrease of £ 2,104,704 in the imports, and an increase of £ 1,627,169 in the exports, as compared with December, 1879.

The number of failures in Great Britain and Ireland in 1880 was 13,147, as compared with 16,637 in 1879.

At a sale (January 4) of British exchequer bills, those on three months were obtained at a discount of about two and one-fifth per cent. per annum, and those on six months at a discount of about two and a-half per cent. per annum.

The cost thus far to India of the Afghanistan War, including the military railroad from the Indus to Candahar (only partially completed as yet), is officially stated at £ 17,500,000. The British *Army and Navy Chronicle* says that the contribution which Great Britain will make towards the sum, will be £ 6,000,000.

L'Economiste Francais, of Dec. 11, says: "Europeans do not now hold perhaps more than two milliards of francs (\$ 400,000,000) in the United States National debt, whereas they once held three or four times as much."

The estimate here of the present European holding of our debt is much lower than that of our French contemporary.

When the Italian five per cents are quoted at 86.80, they are considered to be at par, as the actual dividend is reduced by a tax to 4.34.

DEATHS.

At CAMBRIDGE, N. Y., on Saturday, January 1, aged seventy years, Hon. ALEXANDER BULLION LAW, Vice-President of the Cambridge Valley National Bank.

At PORTLAND, Maine, on Monday, January 10, aged seventy-five years, J. B. BROWN, senior member of the banking house of J. B. Brown & Sons.

At SAVANNAH, Georgia, on Thursday, January 20th, JOHN MCMAHON, Vice President and Manager of the Southern Bank of the State of Georgia.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

MARCH, 1881.

No. 9.

REFUNDING.

The Senate Committee on Finance completed, February 4, the consideration of the House Funding Bill, and agreed to report it with sundry amendments, of which the principal were (1) raising the rate of interest on the proposed bonds and notes from three to three and one-half per cent.; (2) increasing the allowance for expenses of the new loan from one-fourth to one-half per cent., and (3) striking out the provisions which compel the banks to make an exclusive use of the proposed three-and-one-half-per-cent. bonds and notes as the basis of their circulation, and which take away from them the privilege which they now possess, of depositing legal tenders for the withdrawal of their circulating notes.

The bill as proposed to be amended by the Finance Committee, made the interest payable semi-annually; authorized the bonds, after they became redeemable, to be called by giving thirty days' notice; required the calls to begin with the bonds last dated; and extended the time after which the bonds should be payable from ten to twenty years, still leaving them, however, redeemable after five years.

Section 4 of the bill, as modified by the Senate Finance Committee, reads as follows:

SEC. 4. That the Secretary of the Treasury is hereby authorized if, in his opinion, it shall become necessary to use temporarily not exceeding \$50,000,000 of the standard gold and silver coin in the Treasury in the redemption of the five and six per-cent. bonds of the United States authorized to be refunded by the provisions of

this act, which shall from time to time be repaid and replaced out of the proceeds and the sale of the bonds or Treasury notes authorized by this act, and he may at any time apply the surplus money in the Treasury not otherwise appropriated, or so much thereof as he may consider proper to the purchase or redemption of United States bonds or Treasury notes, provided that the bonds and Treasury notes so purchased or redeemed shall constitute no part of the sinking fund, but shall be canceled.

The bill, with the proposed amendments, was taken up in the Senate Feb. 14th, and debated until the 17th, when the amendment increasing the rate of interest from three to three and one-half was rejected. Yeas twenty-two, nays thirty-three. The amendment increasing the appropriation from one-fourth to one-half of one per cent. for the expenses of the loan, was agreed to. Yeas thirty, nays twenty. The amendment striking out the clauses compelling the banks to take the new bonds and taking away their present privilege of depositing greenbacks for the retirement of circulation, was negatived. Yeas nineteen, nays twenty-one.

The other and relatively unimportant amendments proposed by the Finance Committee were generally agreed to.

An amendment, moved by Mr. Kirkwood, was agreed to, that no bonds, or notes, should be sold to syndicates, until they had been first offered for public subscription at all United States depositories and National banks.

On the 18th of February the bill amended as above, and being in the most important particulars the same as it came from the House, was finally passed in the Senate—yeas 43, nays 20. Such a result of the Senatorial discussions was not expected by the country, and has caused a good deal of excitement. The announcement induced many city and country banks to make immediate deposits of legal-tender notes for the withdrawal of their circulation.

The subsequent passage by the Senate (Feb. 21), without any dissenting vote, of a bill to remove the tax on deposits in banks, encourages the hope that Congress will see the necessity of making the situation more tolerable for those institutions, unless there is a fixed purpose to drive them out of existence altogether.

Either the Refunding bill itself, or some supplemental bill, ought to secure to the banks the power to deposit legal tenders and withdraw their bonds put up for circulation within some definite time, and not compel them to wait for an indefinite number of years until their notes are presented for redemption.

NATIONAL CREDIT AND NATIONAL POWER.

It is only within very recent times that the practice of National borrowings has been known, or that the civil and social conditions existed which render it possible. It was unknown to the Greeks and Romans, or other nations of antiquity. Even in England it is only about two centuries old. The old practice of monarchs who were powerful enough and thrifty enough, was to accumulate treasures in advance for the purposes of war. That practice survives yet among the traditions of the Prussian monarchy, and it was under the dominating Prussian influence that the German Empire has now stored in the Tower of Spandau, 120,000,000 marks in gold, or \$ 30,000,000, as a war fund. Frederick the Great, who inherited from his father six million hard German dollars (about \$ 4,500,000), is reputed to have left fifty million hard German dollars to his descendants, and for the same purpose of a war fund.

The power to borrow, if it is reliably perfect, meets an emergency precisely as an accumulation does. As an offensive weapon, it is as effective as equipped arsenals, armies in the field, or ships afloat, and every offensive weapon is a defensive weapon and helps to secure peace. No better way to preserve amicable relations with mankind has ever been found than to be known to be ready to fight, and if money is the sinews of war, the capacity to command money is equally so. Credit, if it exists, is such a capacity, but credit is weakened precisely in the proportion that it has been already used, and is strengthened precisely in the proportion that old incumbrances are paid off.

Nothing that the United States can do will so raise its prestige in Europe, or so impress the whole world with the conviction that the safest course is to treat us with justice and respect, as steadily to reduce and finally to pay off every dollar of our National debt. With that accomplished, it is very little that we need to spend on armies, navies, forts, or guns. With a credit equal to the instant command of milliards, it will not be worth anybody's while to attack us, and we ought not to desire to attack other people.

The London *Spectator*, commenting the other day upon the American situation, lets out, in the following language, what is the uppermost thought in the European mind: "The half-ruined United States of 1865, with their consols at forty-eight, have, in 1880, the credit of Great Britain, and could raise £ 300,000,000 for a war."

Undoubtedly we could, and if our present somewhat reduced, but still very large, debt, was wholly paid off, we

could raise twice £ 300,000,000, or three milliards of dollars. That is precisely what we did raise for the Civil War, but that was possible only because we had no debt when we began it. If our debt had been as large at the beginning, as it was at the end of that war, we could never have undertaken it at all, or if we had undertaken it, we should have broken down with the first battle of Bull Run. Our strong arm of defence and offence was our credit, and that was strong, because until then it had not been used and there was no incumbrance on it. Not long after that contest, Mr. Sumner said in the United States Senate, in reference to a then pending dispute with Spain, that inconsiderable as that Power was, the exhaustion of our finances disabled us from coping with it.

After our debts are refunded this summer, at the lower rates which are now within reach, the National interest account will be reduced to sixty millions, but it is not merely that which we shall get rid of when we liquidate the principal itself of the debt. We shall save annually not less than an additional twenty-five millions, by reductions in military and naval appropriations for National defence.

THE PUBLIC FINANCES.

The interest-bearing bonded debt shows no change from January 1 to February 1. The figure at both dates was \$ 1,661,265,400.

The decrease of net debt in January was \$ 7,382,167, which makes the decrease for three months as follows:

November (1880).....	\$ 3,609,261
December "	5,669,430
January (1881).....	7,382,167
	<hr/>
	\$ 16,660,858

During the month of January the principal of matured debt, no longer bearing interest, was reduced from \$ 11,484,395 to \$ 7,273,285, and the amount of outstanding refunding certificates was reduced, by conversion into four-per-cent. bonds, from \$ 927,400 to \$ 867,250.

The amount of fractional notes redeemed during January, was only \$ 3,031.

The amount of cash held in the Treasury at the end of January, was \$ 221,674,535, but of that amount there was \$ 53,341,700 of gold and silver deposited and owned by individuals, and \$ 8,630,000 of greenbacks deposited and owned by banks, leaving of cash owned by the Treasury \$ 159,702,835.

The metallic reserves of the Treasury were as follows at the two dates named:

	January 1.	February 1.
Gold coin and bullion (less outstanding certificates).....	\$ 150,213,715 .	\$ 148,052,808
Silver dollars (less outstanding certificates).....	12,062,807 .	13,420,465
Subsidiary silver.....	24,769,057 .	25,490,914
Silver bullion.....	6,183,224 .	6,704,197
	\$ 193,228,803 .	\$ 193,668,384

On the 1st of February the gold certificates issued were \$6,541,480, but of these \$50,080 had been taken up and were held as Treasury assets. The silver certificates issued were \$46,800,220, but of these \$9,985,583 were held as Treasury assets. The number of silver dollars held by the Treasury was 50,235,102, but of these 36,814,637 were owned by individuals and were represented by outstanding certificates.

By what warrant of law so large an investment is made in silver bullion, does not appear. The maximum which the Secretary is permitted to keep for the purpose of maintaining the steady coinage of silver dollars is \$5,000,000.

During the first eleven months of 1880 the importations of American silver coin (largely subsidiary coin) were \$2,070,246, and the exports were \$457,358.

When Secretary Sherman was advising in January in respect to the refunding bill with the Senate Finance Committee, he was asked by Senator Morrill, of Vermont, whether any estimate of surplus revenue was reliable, in view of the enormous sums which might be called for to pay Arrears of Pensions. Mr. Sherman, in reply, admitted the gravity of that menaced drain upon the public funds, and said that the deficiency appropriation for this year (since fixed by the Senate at \$17,692,031) was so much subtracted from his estimates of surplus. Congress did not count the cost when the Arrears of Pensions bill was passed, but they must do it now, before they sanction schemes for reducing the revenues. As yet nobody pretends to know for how many hundred millions of dollars the country is committed by the Arrears law.

A city contemporary, the *Tribune*, discussing the possibility of paying an average of \$50,000,000 annually on the National debt during the next ten years, observes:

"Indeed, a presumption that as much as \$50,000,000 yearly can be paid is one not at all warranted by facts, until something has been done to stop the great leak in the Treasury which the Pension Arrears bill has opened."

If we pay only 500 millions on the public debt in the coming ten years, we shall pay twenty millions less than the sinking fund requires, as estimated by Mr. Sherman. And if we only pay fifty millions it will be from the lack of disposition, and not from the lack of ability. During the first term of Gen. Grant, when our interest account was

twice what it is now, and when our wealth was only half what it is now, we paid an annual average of eighty-three millions on the public debt. Pensions are increasing, but not so much as our interest account is diminishing. There are plenty of objects of new taxation which it would be no hardship to avail ourselves of. Who would suffer by a re-imposition of the tea and coffee taxes, the repeal of which helped nobody but speculators and foreigners?

ASPECTS OF TRADE.

Full returns of the foreign trade of the United States for December, 1880, show the following results :

Exports of merchandise	\$ 98,856,632
" " coin and bullion.....	2,022,549
	<hr/>
	\$ 100,879,181
Imports of merchandise.....	\$ 47,372,788
" " coin and bullion.....	17,786,703
	<hr/>
	\$ 65,159,491

This shows a favorable balance, taking merchandise, coin and bullion together, of \$ 35,719,690.

During the whole year 1880, the favorable balance, taking merchandise alone, was \$ 192,846,407, or taking merchandise, coin and bullion together, it was \$ 123,616,585.

The indications are that the favorable balance in January was approximately as great as in December.

These figures demonstrate the completeness of the mistake of those financial writers and journals which have insisted so strenuously during the past year, that we were borrowing European capital by selling more securities on the other side of the Atlantic than we were buying there. The whole thing is a delusion. We have paid as we went along for everything we owed to Europe in the way of interest, and for all the merchandise, coin and bullion we have received from Europe, and more too. Instead of getting into debt in that quarter, we are getting out of debt. The aggregate of American securities of all kinds held in Europe was less January 1, 1881, than it was January 1, 1880. We have sold them some securities, but we have bought of them more than we have sold.

In the London *Economist*, of January 15, we find the following :

"The Americans have now large amounts to invest, and they have been buying securities largely here. These are shipped to the other side of the Atlantic, and relieve our market in proportion of a demand for gold."

But elsewhere, in the same number of the same journal, we find the following:

"We are largely indebted to America, as much now for securities as for goods imported."

This is an illustration of the disadvantage of having a journal with two or more independent writers for it, who may give two or more independent, and, perhaps, totally contradictory accounts in respect to the same thing. Both the statements of the *Economist* cannot be correct, and possibly neither of them is, inasmuch as the flow of securities between England and this country may have been as strong one way as the other. The complexion of such statements depends upon the accident of the source of the information which is received and relied upon. A London dealer in securities, whose own purchases of securities in America may have exceeded his sales of securities to Americans, will say that the balance of the flow of securities is to England, while another London dealer, whose personal experience and observation have been the other way, will give precisely the opposite version.

We do not believe that it can be conclusively settled by any information to be obtained either in New York, or in London, or elsewhere, whether during 1880 Englishmen have purchased from Americans more securities than they have sold to Americans; but the course of our foreign trade demonstrates most satisfactorily that, during that year, the balance of the flow of our securities cannot have been outward, taking into account all the European countries (including England) with which we have dealings of that description.

There is another question besides that of the flow of securities in or out of this country, which is settled by the foreign trade returns of 1880, and that is, whether our currency is redundant or not. As it is on a coin basis, and at an actual parity with coin, the amount of it cannot long exceed such a figure as is consistent with maintaining our prices at an equilibrium with prices in other commercial countries on a coin basis. An excess of it would soon be shown by such diminished exports and increased imports as would produce an adverse balance of foreign trade. There is no symptom of that, either in the returns of 1880, or so far in 1881. The condition of the foreign trade is the only reliable test of redundancy or deficiency in the volume of the currency. The (so-called) *per capita* rule, in fixing the volume of currency, cannot be a sound one, inasmuch as the conditions of the use of money in different countries vary very widely.

A report of Mr. James M. Swank, the Secretary of the American Iron and Steel Association, shows that the total production of Bessemer steel in this country increased from

120,108 tons in 1872, to 1,203,173 tons in 1880, of which the increase in Bessemer steel rails was from 94,070 tons in 1872, to 917,592 tons in 1880. In fact, the steel rail production in 1880 was probably greater by 50,000 tons, inasmuch as the above statement does not include rails rolled in iron-rolling mills from Bessemer blooms. Mr. Swank anticipates a large increase this year as compared with last. Many of the old mills are enlarging their plant, and several new Bessemer steel establishments will get into operation in 1881.

The Bureau of Statistics reports that during 1880 the export of petroleum and petroleum products amounted to 346,789,449 gallons, valued at \$34,505,645, as compared with 424,719,782 gallons, valued at \$37,235,467, in 1879.

ANOTHER MONETARY CONFERENCE.

The President's message to Congress settles the question that France has proposed another international conference with reference to the use of silver.

The information from Berlin is as contradictory as usual, in respect to the real, ultimate policy of Bismarck. A Berlin dispatch to the London *Pall Mall Gazette* says he is for the gold standard, and does not favor a conference. *Per contra*, a telegram received in Paris from Berlin states that he has said if the United States accepted a return to the bi-metallic system, he would support the representation of Germany in the conference.

As to the British feeling on the subject the London *Economist* of February 12, says: "If we cannot enter the monetary conference on the same footing as some other parties, we shall at least exercise toward it a very benevolent neutrality. Should, for instance, such a proposal be made to us as to increase the quality or fineness of the silver in our coinage so as to make it less of a mere token currency, we should hardly object, or to increase somewhat the amount to which silver may be a legal tender."

What the fineness or quantity of the silver in British shillings may be is of no consequence to Englishmen or anybody else, so far as the value of such shillings is concerned, so long as that value is controlled, as at present, by limitation of quantity. It is true that an increase of the silver in those coins would make a certain new demand for the metal, but we do not believe that the British Government would incur a large and useless expense for such an object. An increase of the legal-tender power of the British silver coins is a more practical suggestion. That would make a larger use for such coins, and would render it possible to maintain

a larger quantity in circulation without diminishing their value.

The Manchester *Guardian*, of February 18, makes the following different suggestions: "A section of the Bank of England charter act provides that the issue department may emit notes upon silver, to the extent of one-fourth the amount of gold coin and bullion held by that department. The practice for many years has fallen into desuetude. If, however, it is now enforced, the bank might immediately buy over £6,000,000 worth of silver. It appears therefore, that without joining the ranks of bi-metallist countries, we can render them very substantial help. We do not say it would be wise to use the powers of the Bank to the full extent, and still less to do so at once. The above section of the act was intended to rectify the disproportion in supply of the two metals. There is nothing improbable in the supposition that the Government may see in the present circumstances an occasion for using powers which have long been in abeyance."

Russia agrees to take part in the proposed monetary conference.

A telegram (Feb. 18) from Rome says: "In the Chamber of Deputies to-day, during a debate on the bill providing for the abolition of the forced currency, Signor Luzzati proposed that State treasurers and banks, in making payments, should, on demand, be obliged to give two-thirds in gold and one-third in silver.

"Signor Magliani, Minister of Finance, declared that such a system would be highly prejudicial, and that its adoption would even affect the coming negotiations for the international monetary convention."

Italy must withdraw from the Latin Union before it can adopt such a proposition as that of Signor Luzzati. The fundamental principle of that Union is, that the coins of either metal struck at the mint of either of the nations composing the Union may discharge the whole of any debt, public or private, in all the other nations composing it, and that the option of the metal to be used shall belong always to the paying party. Possibly, Italy might require that when a debt is paid in Italian coins, there should be some particular proportion of gold and silver in the payment, but it cannot deny either to French, Belgian, or Swiss gold or silver coin, the faculty of discharging and satisfying the whole of any obligation whatever.

MONETARY AFFAIRS IN EUROPE.

The London *Times*, of January 27th, had the following paragraph: "The Bank of France has tried to cure the gold drain by issuing notes. This has failed, as was predicted. It is quite possible now that the only resort for the Bank is to fall back on the silver standard, persuading as many other countries as they can to join them." It is quite apparent that there cannot be in London many believers in the estimate made within a year or two, that France possesses eight or ten hundred million dollars in gold coins. That is the fancy figure of a M. Foville. All the probabilities are against it, and until recently all French authorities agreed in stating the whole metallic circulation of France, gold and silver, at \$1,000,000,000, and it is known that the silver amounts to at least \$500,000,000. Without doubt, France uses more money in proportion to population and commercial exchanges, than either Germany or Great Britain; but it is not credible that in addition to \$500,000,000 of full-tender silver money, of which Great Britain has none, and Germany has only about \$100,000,000, France should have as much gold coin as Great Britain and Germany combined. As to Great Britain, its gold money is generally stated at \$500,000,000, and no authority puts it above \$600,000,000. As to Germany, its total gold coinage has been \$432,000,000, and Soetbeer, in an estimate made in November, 1880, fixed the amount then possessed at only \$330,000.

In the Paris correspondence (January 15) of the London *Economist*, the following statement is made: "The Treasury has increased the rate of interest on its bonds from three to five months, from one-fourth to three-fourths per-cent.; six to eleven months, from one-half to one per-cent.; and for one year from one-half to one and one-half per-cent. Bonds redeemable in 1885 are issued at two and one-half per cent. premium, bearing four per cent. interest."

Bonds running for a year or less, at either the late or present rates of interest, can have been salable at par only by keeping the issue of them within very narrow limits.

Purchasers of government securities in the Vienna market at the prices current on the 31st of December, 1880, obtained the following rates of interest upon the purchase money paid:

	<i>Per cent.</i>
Austro-Hungarian paper rente.....	5.72
" " silver "	5.66
Austrian Exchequer bills.....	4.93
Austrian gold rente.....	5.30
Hungarian " "	6.30

In respect to the proposed coin resumption in Italy, the London *Economist*, of January 22, says: "The Italian Parliamentary Commission has voted unanimously in favor of the Ministerial bill for bringing the paper circulation to par."

The Paris correspondent (January 20) of the same journal speaks of "the great operations in preparation by the Rothschilds for the Italian Government." Those bankers had been applied to for the large loan needed for Italian resumption.

The same correspondent says:

"The Bank of France announces the creation of a new branch of business, or rather the extension, with greater facilities, of one already existing. At present the bank makes loans on securities at the current rate, which is usually one per cent. above the discount rate. These loans are, however, made for a fixed period of sixty days, neither more nor less. The bank will in future accept the deposits of securities, and the owners will be allowed to draw cheques on them without any further formality, at the current rate. The loans will not be made for more than ten days, and the drafts must be for sums not less than 100,000 francs, nor more than 3,000,000 francs."

Berlin dispatches, of Feb. 4, stated that Russia was about to offer a loan in the American market. That the idea of a Russian loan in the American market should be talked about, is a flattering recognition of the advancing financial position of this country; but it is really not probable that any attempt of the kind will be made at present.

In London, February 6, the following dispatch from Berlin was published:

"Prince Bismarck, approving the gold standard for Germany, does not favor the proposal of France for an international conference on the silver question."

Whether or not he approves of "the gold standard for Germany," is something which Bismarck has hitherto carefully kept to himself, and we doubt whether the first confidant he makes in respect to that will be a telegraphic correspondent of a London newspaper.

At a *soiree* given by Bismarck at Berlin, February 1, he was asked if the newly-constituted Economical Council would be permitted to consider the currency question. His reply was, that "Such matters would be approached by way of petition." The truth manifestly is, that Bismarck contrived this Economical Council for the purpose of ridding himself

of the annoyance of self-constituted and so-called scientific bodies, made up in Germany very largely of bewildered theorists, who are constantly trying to turn the world upside down with new schemes and projects.

The London *Economist*, of January 29, says that the common interest charge for carrying stocks at the Stock Exchange was then five per cent. per annum, and that in some instances ten per cent. was paid. It has also the following:

"The United States bonds held in Europe are more likely to be remitted shortly for payment rather than conversion. The amounts of these bonds are variously estimated by those qualified to judge. But if we take the lowest estimate of £ 10,000,000, it is enough to produce a great effect on the Exchange."

It is possible that there is a misprint of Europe instead of England. An estimate that there are now no more than \$50,000,000 of United States bonds held in all Europe is below the opinion commonly entertained here.

So far as French custom-house returns are reliable in respect to the movement of coin and bullion, the excess of the export of gold coin and bullion over the import was 157,518,473 francs in 1879, and 218,261,342 francs in 1880. Of silver bullion and coin the excess of imports over exports was 75,662,985 francs in 1879, and 38,908,367 francs in 1880.

According to the German Imperial Statistical Office, the home production of silver in Germany was of the weight of 295,224 pounds in 1878, 335,330 in 1879 and 355,013 in 1880. Of the production in 1880, the manipulation of foreign ores yielded 87,000 pounds, and the remainder was obtained principally from four mines. During 1880 the gold procured was \$325,000, chiefly from washings of portions of the Rhine.

On the 17th of February the Bank of England reduced its discount rate from three and one-half to three per cent. The main purpose of the previous raising of it, was to prevent the export of gold to this country. In our last number we expressed the opinion, which has been speedily verified by the event, that to prevent such an export would not require any large increase of discount rates by the great banks on the other side of the water. Europe possesses American securities in abundance, and with the high prices for them prevailing in our markets, a very little pressure on the European markets suffices to send them this way. That is precisely what has happened during the last two months.

It will not be a contest for gold between Europe and America, which will, either this year or next, cause high discount rates in Paris or London. Those rates may become high, and in Paris the apprehension seems to be that they will. If that happens, the cause of it will be a contest for gold between the great European banks themselves. The

immediate future is too obscure to justify confident predictions of any kind. The impending conference in respect to silver may result in great changes.

A coin resumption by Italy, of which the probability seems to increase, will seriously affect the general situation, unless the Latin Union materially relaxes, or entirely abandons, its present agreement to coin no more silver until 1885. With that agreement in force, the entire Italian demand for coin as a basis for resumption, will have the same effect upon Europe and the world as an equal demand for gold. It is true that Italy may borrow what it needs wholly in silver, but it can only be the silver five-franc pieces now circulating in France, Belgium and Switzerland. These countries, now debarred from coining any more silver five-franc pieces, can make good the loss of them only by importing and coining gold. If bi-metallism, with the free coinage of silver, is restored, this difficulty will be avoided.

TAXATION OF THE BANKS.

BY BENJAMIN VAUGHAN ABBOTT.

An article in the *BANKER'S MAGAZINE* for January, 1881, (p. 496), after stating the familiar restriction imposed by the National Banking law upon State taxation of National banks, explained recent decisions of the Supreme Court at Washington upon the enforcement of the rule, and the manner in which the banks may be protected, by injunction in the Federal courts, against excessive State taxes. The decisions of the Supreme Court are, of course, authoritative and obligatory throughout the country; they render it comparatively unimportant to consider what the State courts may have decided for or against the same positions. There are, however, recent decisions of State courts explaining in what manner, in several States, the rule, as it has been explained by the Supreme Court, will be carried into effect; the local judiciary perceiving the duty and necessity of conforming the State law and its administration to the Congressional rule.

In Missouri, in 1880,* and in Georgia a few years earlier,† the endeavor was made to sustain a city in imposing a tax or exacting a license fee from a National bank. The view appears to have been that the authority of a city to tax a business carried on within its limits might be distinguished from a State tax law, and so might be deemed not in conflict with the rule prescribing equal taxation. But the Court

* *City of Carthage v. First Nat. Bank of Carthage*, 2 Browne Nat. Bank Cas. 279.

† *Mayor, &c., of Macon v. First Nat. Bank of Macon*, 59 Ga. 648.

in both cases held the tax invalid. They declared the principle to be that the National banks are agencies of the general Government, and cannot be taxed by State authority, except as Congress has permitted; and that Congress has permitted only taxing the real property and taxing the shares; the business of the bank cannot be taxed under authority of State laws. And city ordinances derive their authority only from the law of the State. The same principles have been emphatically recognized in Alabama. The city of Mobile in one case,* and the County of Sumter in another,† assumed to assess taxes on National banks within their limits; and the State Supreme Court decided against them on the express ground that National banks are not subject to State taxation except so far as Congress has authorized.

The chief discussion in these two cases, however, turned not upon any attempt to make a distinction in favor of a tax by a municipality as compared with one by a State, but upon a question of right to tax capital stock. The device employed in these cases for increasing the tax collectable consisted in assessing the entire capital stock of the bank for one tax, laid in an aggregate sum; and this was pronounced unlawful. Neither of the decisions interferes with the practice of a National bank's paying in the behalf of shareholders such tax as may have been assessed on the shares and against the shareholders. But they both declare that a State cannot assess in a gross sum a tax, as against the corporation and upon its capital stock. The judges say that National banks are, in their corporate capacity, subject to impositions for the public revenue in two cases only: First, in favor of the United States, by the duties to be paid to the Treasurer; and, second, in favor of each State, upon their real property therein. A series of Supreme Court decisions has established that a State has no independent authority over National banks—which are to be deemed agencies of Congress—and no power to lay any tax upon them, except such as may be assessed on their real property. This is the only tax which a State can assess upon a National bank as a corporation. The further privilege of taxing the shares is so expressed as to render it, in legal effect, only a privilege of taxing shareholders as individuals, upon their respective interests. As the capital is composed of or represented by the shares, and the shareholders constitute the corporation, there may be little practical difference between assessing the bank with a gross sum upon its entire capital stock, and assessing the incorporators separately upon their respective shares; but the difference, such as it is, must be observed, if a bank demands it. It is the differ-

* *National Commercial Bank of Mobile v. Mayor, &c., of Mobile*, 62 Ala. 284.

† *Sumter County v. National Bank of Gainsville*, id. 464.

ence between the several parts and one whole; between the tributaries and the river; between individual partners and an aggregated partnership. The capital stock of a bank and the shares are not the same property. The shareholders and the corporation are different persons. The policy of denying to State legislatures the privilege and power to tax the capital stock, while expressly granting the right to tax shares, was a question for Congress, and the enactment it has made, by granting only the latter, impliedly forbids the former. A State may direct a National bank to pay the tax assessed upon the shares, but may not assess a tax against the bank upon its stock.

Whether the having imposed a tax upon the real property limits the power to tax the shares, or *vice versa*, has been considered in two cases. The story of a case in Maryland* was that the assessors assessed the bank in its corporate name for its banking house and lot; and assessed the shares to the shareholders at their full value (par and a premium). The bank complained of this mode of assessment on the ground that it involved double taxation. To tax the same property twice is not indeed contrary to any specific prohibitions of Congress,—the banking law allows (within limits) taxing the shares and the real property—but so doing is generally deemed contrary to natural justice and sound policy, and is forbidden by several of the State constitutions. The Maryland courts considered the objection a sound one, and ordered the tax officers to strike out the banking house and lot from their assessment papers. The judges said that the stock or shares of a bank represent its entire property; hence to tax the shares at market value and also to tax the building, involves, in effect, taxing the building twice; which is contrary to established law in Maryland, though it may not be unlawful in other States. The story of a case in Pennsylvania† was that a tax was laid on the shares, and was paid by the bank. This was done under a State law saying that after such a payment made by a bank, the “shares, capital and profits shall be exempt from all other taxation.” Such an enactment comes to the same thing as the constitutional rule in Maryland forbidding double taxation; it shields a bank from a tax on its building, additional to one on its shares. And there would have been no dispute that the banking house and lot ought to be exempt from taxation if it had not been for one circumstance, viz., a portion of the building not required for the business of the bank was occupied by the cashier and his family as a residence. The argument for the tax officers was that only such a building as was needful for the proper business of the corporation was free. But the court said

* *Commissioners of Frederick v. Farmers & Mechanics' Nat. Bank*, 48 Md. 117.

† *Lancaster v. Lancaster Co. Nat. Bank*, 7 Week. Notes, 29; *Browne Nat. Bank Cas.*, 415.

that the shares represented the entire invested capital of the bank, including its whole building, no matter how used. In paying the proper tax upon its shares the corporation had paid, in effect, a tax on the building—on the cashier's rooms as well as on the office portion. A banking house is a necessary incident to a bank's business; and if it be somewhat larger than is absolutely necessary for mere office purposes, the fact that the cashier resides in the unnecessary portion forms no reason why the bank should be taxed twice; especially if it does not appear that he pays any rent.

Some rules of minor importance are stated in recently published cases. In Pennsylvania the question arose as to taxability of a State bank during the process of converting it to a National bank; and the court held that it continues liable to State taxes, until all the steps required by the State law for severing its connection with the State banking system have been completed. The Pennsylvania law requires a converted bank to furnish evidence of its change to the Auditor-General, who must certify the fact to the Governor, who must make proclamation of it through the newspapers. Until this proclamation has been made a tax levied according to State law may be valid. For a bank may be both a State and a National institution at the same time; and although in the former capacity it can not be taxed by the State, yet in the latter it may be, so long as it remains under and enjoys the protection of State laws.* In New Hampshire a bank complained that the tax officers, in valuing the shares for taxation, had included the surplus fund which the bank (in obedience to Revised Statutes, § 5199) had reserved from its net profits; but the court said that it was right to include this.† In Colorado it has been held that a tax levied subsequent to the insolvency of a National bank upon its property, is subordinate to the rights of the receiver of the bank, although his appointment was made after the levy of the tax.‡ In Ohio the State taxing officers lacked the necessary information to enable them to tax depositors in a National bank on the sums of money which they had on deposit; and they asked the court to require the cashier to show them the books of the bank; but the directors ordered him not to do so; and the United States Circuit Court said that he could not be compelled.§

* *Commonwealth v. Manufacturers' &c. Bank of Philadelphia*, 2 Pearson (Pa.) 386.

† *Strafford Nat. Bank v. Dover*, 2 Browne Nat. Bank Cas. 296.

‡ *Woodford v. Ellsworth*, 2 Browne Nat. Bank Cas. 216.

§ *First Nat. Bank of Youngtown v. Hughes*, Browne Nat. Bank Cas. 176.

THE LOANS OF NATIONAL BANKS.

Among the tables appended to the last report of the Comptroller of the Currency, will be found very interesting and valuable exhibits of the number of loans of the National banks at different dates, with the average amount of each loan, and comparisons in both particulars with the Banks of Germany and France.

On the 2d of October, 1879, the number then outstanding of the loans of all the National banks was 809,269, for an aggregate amount of \$875,013,107, making an average of \$1.082 for each loan. In 1867 the average amount of each loan was \$1.909. There would thus seem to be established a decided tendency in the National banks to multiply the numbers and diminish the average amount of their loans, but the present average amount is far greater than is shown in the discount lines of the French and German banks. In Paris, during the year 1879, the French Bank discounted 3,902,213 bills, averaging \$172 each. During the same year the German Bank discounted in Berlin, 533,564 bills averaging \$494 each. In respect to the loans of the National banks of the City of New York, outstanding on the 2d of October, 1879, the average amount of each loan was \$3,962.

The average amount of each loan on the 2d of October, 1879, was as follows, in the four sectional divisions of the States, and in certain cities :

	<i>Average of each loan.</i>			<i>Average of each loan.</i>
New England States...	\$1,563	..	Philadelphia	\$1,689
Middle States.....	1,176	..	Baltimore.....	1,594
Southern States.....	781	..	New Orleans.....	1,937
Western States.....	713	..	Cincinnati.....	1,233
Boston	3,083	..	Chicago.....	2,244
New York City.....	3,962	..	San Francisco.....	6,843

In 1867, the aggregate amount of loans made during the entire year was \$3,351,004,667, of an average duration of seventy days. It is the opinion of the Comptroller that the average duration of loans had fallen in 1879 to sixty days. On that supposition, and on the further assumption that the amount of loans known to have been outstanding October 2, 1879, may be taken as the average of the loans outstanding during the year, he arrives at the conclusion that the number of loans made during the year was 4,849,614, of an aggregate amount of \$5,250,000,000.

We then have, as a comparison of the number, aggregate amount and average amount of the loans in 1879, of the United States National banks and the Banks of France and Germany (including their branches) the following figures:

	<i>Number of loans.</i>	<i>Amount.</i>	<i>Average.</i>
Germany.....	2,374,394	\$ 852,175,650	\$ 358 90
France	8,071,505	1,452,175,289	180 00
United States.....	4,849,614	5,250,000,000	1,082 58

PROGRESS OF BANKING LAW.

LIABILITY FOR SPECIAL DEPOSITS.

The Supreme Court at Washington having authoritatively decided that a National bank has corporate power to become bound for a special deposit, such as a box of Government bonds received into the bank vaults for safe keeping,* discussions in the State courts upon that question have become unimportant. The Supreme Court decision establishes the general proposition for the whole country, that National banks may become thus liable. But State decisions upon the administration of the rule are all the more important, now that the rule itself is established. Two such decisions are reported in recent volumes. One, in Pennsylvania, relates to the extent of the liability.† The deposit in controversy consisted of a parcel of five-twenty bonds, and the fact on which the law question turned was that the Allentown Bank accepted the charge of them from the customer without any compensation, and merely to oblige. For seven or eight years the bonds were safely kept, and the interest was regularly collected by the cashier and paid to the owner. At length, however, a private banking firm of which Blumer, the president of the bank, was a member, became embarrassed, and the president abstracted these bonds, with a number of other securities, from the vaults of the bank, and used them in Philadelphia to raise money for his partnership. On discovery of this the depositor sued the bank. There was no dispute that the act of the president was a fraudulent embezzlement; but the bank resisted the suit on the ground that there had not been any such corporate negligence as should render the institution liable; that the president alone and individually was at fault. The decision was, that the bonds having been taken in charge as matter

* The decision was explained in the *BANKER'S MAGAZINE* for January, 1881, p. 496.

† *First National Bank of Allentown v. Rex*, 89 Pa. St. 308. It does not seem easy to reconcile this decision with that of *Cutting v. Marlow*, 78 N. Y. 454, narrated in the *BANKER'S MAGAZINE* for January., 1881, p. 499.

of favor, the bank was "a bailee without reward," and was liable only upon proof of gross negligence. The mere fact that the president has used the bonds to raise money for his own private purposes does not, in these cases, render the corporation liable; but some proof is necessary of neglect, by the directors, of that measure of care which even inattentive persons would take of bonds of their own. If, for example, the embezzlement was committed with the knowledge of the bank officers, and with their assent or without any effort on their part to preserve or recover the property for the owner, that would be such negligence as would render the bank itself liable.

The other case occurred in New York, and relates to the question who may, on behalf of a National bank, accept a special deposit.* The package of bonds in controversy was brought to the banking house by the owner and left with the teller. For two years or more it was safely kept in the vault, but at length was lost. What became of it seems to have been unknown. The bank disputed the authority of the teller to bind the bank by an engagement to keep a special deposit. The circumstances, as shown, were that the bank had been accustomed to receive similar packages from various persons, some of whom were directors; that the directors did not act very systematically in holding meetings or superintending the business, but left all details to the cashier; and that either the cashier, or the teller—who was the cashier's son and often acted in his father's absence—was wont to take these packages, sometimes telling the person offering a deposit that the parcel would be at his risk, and sometimes omitting to give such notice. The Court of Appeals said that this way of doing business authorized a jury to believe that the teller received the package in question acting in behalf of the bank, and with the general assent of the directors; and that if such were the case the bank was liable notwithstanding the transaction was with the teller only.

Three decisions may well be narrated in connection with the foregoing, in which money was deposited with National bank officers for special purposes, or upon certificate of deposit, and the liability of the bank was questioned. Two of these arose out of the embezzlements of the same President of the Allentown Bank, by whom the five-twenty bonds just now mentioned were abstracted. A customer deposited \$1,000 in the bank, taking a receipt signed by the president stating that it was received to be invested in bonds, and that interest on it was to be allowed until they should be procured. The Court declared the rule to be well recognized that a National bank is not authorized to act as agent or broker in the purchase of bonds, etc.; and said that, as the gist

* *Pattison v. Syracuse Nat. Bank*, 22 Alb. I. J. 506; *Browne Nat. Bank Cas.* 319.

of the transaction consisted in an undertaking to purchase bonds for the depositor, and as the promise to pay interest was merely incidental, the affair could not be considered as a transaction of the bank. The only claim of the depositor was against the president individually. Another customer brought money to the bank and asked the teller for an interest-bearing certificate.* The teller handed him a certificate. He looked at it but was dissatisfied; he said: "This reads Blumer & Co. I want nothing but First National bank certificates." The teller answered that it was the same thing and the customer then accepted it. But when the banking-house of Blumer & Co. failed the bank repudiated the transaction. The Court said that it could not be permitted to do so. The teller's statement was a fraud upon the depositor. Now a bank cannot set up a fraud of its own officers in answer to a depositor's demand for repayment of his money. In the third case† the bank was accustomed to allow its president to do a sort of Savings-bank business on his own account. Money was daily received on deposit (and paid out) by the teller, in behalf of the bank, and it was also frequently received by the same teller as agent for the president in his individual business; for deposits of the latter class the teller was accustomed to give a certificate of deposit signed by the president individually. The teller had a parcel of these individual certificates, signed in blank, in readiness for customers of the president. One day a depositor came bringing \$500, which he intended to deposit in the bank; and he so stated to the teller, and gave him the money. The teller, however, gave him one of the president's individual certificates. The depositor took this, not knowing, probably, anything about the president's individual business, but, at any rate, believing that it was given as the engagement of the bank for the money. The money was placed by the teller in the bank's money-drawer and was mingled with its other funds. The Court held that the bank was liable to repay it. Doing business in such a loose and unusual way was well adapted to lead customers to suppose that the bank was responsible for their deposits, and any one who made his deposit in that belief ought to be allowed to hold the bank for the money. And this is not the only instance of trouble arising from confusion in the management of two deposit institutions. In Fishkill, the Fishkill National Bank and the Fishkill Savings Institute were two distinct corporations having different presidents; but they employed the same subordinate officers, occupied the same banking room, and did business over the same counter. Bartow was cashier of the bank and treasurer of the Savings Institute. He was indicted for embezzling money of the bank. There was no doubt that he had received the

* *Steckel v. First Nat. Bank of Allentown*, 10 Reporter, 442.

† *West v. First Nat. Bank of Elmira*, 9 Week. Dig. 527.

money; but, upon peculiar circumstances indicating that he received it for the Savings Institute and not for the Bank, his counsel were able to make a plausible defence.*

MORTGAGE SECURITIES.

Two decisions are reported, recently, from State courts, upon a principle important to the rights of National banks, in enforcement of mortgages, against the objection that in taking the mortgage the bank exceeded its powers. The restrictions imposed by the banking law (*Rev. Stat.* § 5,137) upon the banks in purchasing and holding real property are familiar. Suppose they are exceeded in the acceptance of a mortgage, so that a bank holds a mortgage which under the law it was not authorized to take—what is the consequence? Can the borrower take the objection to defeat the right of the bank to collect the debt fairly due? The cases mentioned—following a decision of the United States Supreme Court, in 1878†—sustain the interest of the banks, and say it should not follow that because the bank ought not to have taken the mortgage, therefore the mortgagor need not pay his loan. In a New Jersey case‡ *Graham and Post* borrowed \$15,000 from the National Bank of the State of New York, for which they gave their note; and James and Archibald Graham, with their wives, gave a mortgage on New Jersey real property to secure the note. In the suit to foreclose this mortgage the sole defence was want of power in the bank to take it; and the court said that as the loan, the note, and the mortgage, were all given as parts of one transaction, the mortgage could not be considered as authorized by the banking law. But they declared that the objection was unavailing to defeat the suit to foreclose. If the bank had exceeded its power, that might be a breach of duty toward Government, and Government could take proceedings to redress it. But only Government could object. There would be no justice in allowing the mortgagors to defeat the security, and the borrowers to retain the money loaned, because, in taking the security the bank exceeded its power. The same view was taken in an Illinois case§ where the only material difference in the facts was that the borrower alone gave the mortgage; there was no third person, as guarantor, or wife, concerned. It has also been taken in Iowa|| in a suit apparently similar in its facts to the Illinois decision. Thus the State courts are generally accepting and enforcing (as indeed they should do) the principle settled by the Supreme Court, viz.: that a proceeding by the Government to dissolve the corporation is the

* *Bartow v. People*, 78 N. Y. 377.

† *Union National Bank v. Matthews*, 98 U. S. 658.

‡ *Graham v. National Bank of New York*, 32 N. Y. Eq. 804.

§ *Warner v. DeWitt County National Bank*, 4 Bradw. (Ill.) 305.

|| *First National Bank of Waterloo v. Elmore*, 6 N. W. Reporter, 547.

proper penal consequence for taking an unauthorized mortgage, and not a loss of the money loaned. In a Minnesota case* a borrower from a National bank lodged as security shares of stock in a corporation the property of which consisted solely in real estate; and, when he was sued, made the defence that the transaction was in effect securing the bank on real estate, and was therefore not within the corporate power. But the court held that whatever the property of the corporation might be, an assignment of its shares was not giving a mortgage security on real estate, but was a pledge of corporate stock. For this reason the question of the effect of taking an unauthorized mortgage was not considered.

THE DEFENCE OF USURY.

The question has been raised in the Iowa Supreme Court whether that court (or any State tribunal) ought to entertain the plea of usury against a National bank. The argument for the bank was that the forfeiture imposed for taking usury is a statute penalty, specifically created by the National banking law; and that only United States Courts have jurisdiction to enforce a punishment for an offence depending solely on a United States law—Congress cannot leave to the State Courts the enforcement of penalties. The court said† that entertaining usury as a defence to an action, a note or contract is not exactly a proceeding to punish the offence, but is in the nature of a civil right of the borrower growing out of the violation of law. Hence, for a State Court either to entertain the defence of usury when the bank sues the borrower, or to entertain an action by the borrower under the banking law to recover double the amount of usury he has actually paid, may be lawful. If the proceeding were a direct one for the punishment of usury regarded as an offence, it ought to be brought in the Federal Court.

In a suit brought by a National bank in Pennsylvania, upon a discounted note, the defendant pleaded usury, and it was clearly shown that more than legal interest was charged and received by the bank for the period between the discounting of the note and its maturity. The bank did not dispute that interest prior to the maturity of the note was forfeited. But considerable time had elapsed between the maturity of the note and the trial of the action; and the counsel for the bank argued that interest for this time was not affected. There is some ground for such an argument; thus, in States where there is a lawful rate of interest prescribed, but parties are allowed by special contract to agree for a higher rate, it has sometimes been held that a higher

* *Baldwin v. State Nat. Bank*, 1 *N. W. Reporter*, 261; *Browne Nat. Bank Cas.* 278.

† *National Bank of Winterset v. Eyre*, 2 *N. W. Reporter*, 995; *Browne Nat. Bank Cas.* 234.

rate stipulated in a note runs only till its maturity, and that after maturity until judgment, the lender can recover only the regular rate indicated by law for cases where there is no special contract. For it may be said that the interest recoverable after maturity, rests upon different grounds of right from that which accrues before; the one being damages for the delay, the other, part of the money promised by the note. But the court held* that no such distinction can be taken in regard to the effect of usury under the banking law. Reserving legal interest on the discount of a note, forfeits the entire interest which the note carries with it; as well as that which would otherwise be recoverable from maturity to judgment, by way of damages, as that which accrues from the making of the note to its maturity, by the tenor of the instrument.

MASSACHUSETTS DEBTS.

The following statement of the public debts of Massachusetts has been compiled by Robert P. Porter, who has charge of that special division of the census :

	<i>Bonded debt.</i>	<i>Floating debt.</i>	<i>Gross debt.</i>	<i>Sinking funds.</i>	<i>Net debt.</i>
State.....	\$ 33,020,464 .	\$ 14,262 .	\$ 33,034,726 .	\$ 12,875,248 .	\$ 20,159,478
Counties	125,000 .	1,229,670 .	1,354,670 .	72,741 .	1,281,929
Cities.....	69,075,202 .	1,891,100 .	70,966,302 .	16,930,166 .	54,036,136
Towns.....	7,713,282 .	8,553,265 .	16,266,547 .	585,018 .	15,681,529
Totals.	\$ 109,933,948 .	\$ 11,688,297 .	\$ 121,622,245 .	\$ 30,463,173 .	\$ 91,159,072

The rates of interest paid upon the bonded debt will appear from the following table :

Amounts of bonds drawing 7 per cent. interest.....	\$ 3,960,366
" " " 6½ " "	1,184,334
" " " 6 " "	41,063,950
" " " 5½ " "	455,367
" " " 5 " "	56,440,281
" " " 4½ " "	1,749,650
" " " 4 " "	5,068,000
	\$ 109,933,948

Of this aggregate of bonds, all except \$5,795,417 have been issued since 1859. Much the larger part of them do not mature before 1890, and \$14,173,574 cannot be paid until after 1900.

Of these debts, \$29,667,724 have originated in water works, which, as a whole, yield a satisfactory revenue.

The next largest item of debt, \$19,255,729, originated in "railroad and other aid." Of that sum, \$17,738,966 is a

* *First Nat. B'k of Uniontown v. Stauffer*, 26 *Int. Rev. Rec.* 77; *Brown's Nat. B'k Cas.* 178.

State debt and has grown chiefly out of the construction of the Hoosac Tunnel.

Of other leading items of debt, the following are given :

Expenditure in the Civil War.....	\$ 12,860,788
Public buildings.....	6,392,281
Streets.....	13,957,107
Sewers.....	4,139,847
Schools and libraries.....	2,536,318

The practice of every State has been uniform, to accompany the creation of every debt with a sinking fund for its extinguishment at maturity. That system will finally free the State of all existing debts, and it is hardly probable in the present condition of public opinion, that any new State debt will be contracted, except under the pressure of war. There is no State better able to pay as it goes than Massachusetts.

In respect to municipal debts, we have often referred to the admirable law passed by Massachusetts in 1875, providing for the gradual but certain payment of all debts then existing, and providing also in respect to debts thereafterwards contracted : (1) that the totality should not exceed a fixed per centage of the taxable property ; (2) that the term of such debts should be limited to short periods, varying with the nature of the object for which they are incurred, and (3) that at the time of the creation of every new debt new revenues should be provided and set apart as a sinking fund, sufficient to discharge such debt at maturity. This Massachusetts law is worthy of all commendation, and is an example fit to be followed everywhere. The perpetuation of public debts is the worst opprobrium and scourge of modern civilization.

The census investigations, in charge of Mr. Porter, show that the aggregate of local public debts in this country, exceeds even the highest of all previous estimates. This fact will attract to the subject an increased degree of attention, and cause an active discussion of the means of arresting the further growth of the evil, and of finally getting rid of it altogether. Massachusetts has set a good example. If any State can improve upon it, so much the better.

The great magnitude of local public debts, gives an added force to the arguments in favor of the steady and efficient reduction of the National debt. Such a reduction will constantly liberate capital, which will tend to be invested in the local debts, and thereby enable them to be carried at more favorable rates of interest. Many overburdened municipalities have already been greatly aided in this way.



THE CURRENCY AND COMMERCE OF CUBA.

During the recent discussions of the currency question in this country, the experiences of the island of Cuba appear to have been overlooked. This may be partly due to the fact that these experiences teach the same lessons which had already received ample illustration elsewhere; partly to the limited information accessible on the subject in this country. It was different in the currency discussions of forty years ago. In 1842, when the question of establishing a National bank was pending in the United States Senate, Mr. Benton pointed triumphantly to Cuba as illustrating the benefits derived from hard money. "Holland and Cuba," he says, "have the best currencies in the world; it is gold and the commercial bill of exchange with small silver for change, and not a particle of bank paper." He dwells with special emphasis upon the currency of Cuba, as an instance of "a pure metallic currency of gold—twelve millions of dollars of it to a population of one million of souls, half slaves—not a particle of paper money, prices of labor and property higher than in the United States, industry active, commerce flourishing." The statement concerning Holland was a mistake, that country then having a bank-note circulation of about \$12,000,000, but so far as it related to Cuba it was not destitute of justice.

During the previous fifty years a concurrence of circumstances had contributed to the enrichment of Cuba. A more liberal commercial policy had been adopted by the mother country; immigration had been encouraged; and, owing to the loss of Florida and Louisiana, and to the political disturbances of Spain and the other Spanish American colonies, Cuba had become a place of general refuge. Population had increased from 172,620 in 1775, to 704,487 in 1827, and 1,007,624 in 1841. The number of coffee plantations had increased from sixty in 1800, to 2,027 in 1827. The exports of sugar had grown from an average of 5,570,000 lbs. in 1760-67 to 250,000,000 lbs. in 1832, and 337,131,000 lbs. in 1841. The valuation of the island in 1830 was placed at \$507,000,000, or about \$720 to each inhabitant, being three times as much per capita, as that of the United States. The revenue increased from \$885,358 in 1778, to \$1,136,918 in 1794, \$9,086,406 in 1828, and \$12,114,842 in 1842. During the severe and long-continued depression in the United States extending from 1837 to 1842, Cuba enjoyed an era of uninterrupted prosperity, as shown by the following statistics of foreign trade:

	<i>Imports.</i>	<i>Exports.</i>	<i>Total.</i>
1826-30 (5 years)..	\$ 86,680,948	\$ 71,033,765	\$ 157,714,713
Average	17,336,190	14,206,753	31,542,943
1831-35 (5 years)..	88,543,760	69,057,009	157,600,769
Average.....	17,708,752	13,811,406	31,520,158
1836	22,551,969	15,398,245	37,950,214
1837	22,940,357	20,346,407	43,286,764
1838	24,729,878	20,471,102	45,200,980
1839	25,217,796	21,481,848	46,699,644
1840	24,700,189	25,941,783	50,641,972
1841	25,081,408	26,774,615	51,856,023
1842	24,637,527	26,684,701	51,322,228

This exemption from the revulsions in trade, which were elsewhere scattering ruin among all classes, was due mainly to the sound metallic currency in use in the island, and to the limited extension of the credit system. Of the exports, the greater part were sold for cash, scarcely five per cent. being sold on credit, and that only at sixty or ninety days at the most. Of the imports about one-fifth sold for cash, and the remainder on credits, varying from one to eight months, the mean credit being about five months. With credit restrained within these moderate limits, obligations were in general met at maturity. "Commercial discredit, when it occurs," said an intelligent writer in 1842, "attaches to individuals and not classes."

The currency was not indeed perfect, though far superior to the worthless bank notes which constituted the only currency in some parts of the United States. The gold coins of Cuba were the ounce or doubloon at an arbitrary value of \$17, and its fractional parts, halves, quarters and eighths. The silver in circulation before 1841 consisted of pistareens and their subdivisions, at an arbitrary value of four pistareens to the dollar, their real value being five to the dollar. This over-valuation of these silver coins caused them to seek the island in great quantities from the mother country, and led to the manufacture of counterfeits. In 1827, an attempt was made to prevent their importation, but it did not succeed. To remedy the evils thus resulting, the Government, in October, 1841, issued an edict calling in this silver currency in order to have it restamped and re-issued at the rate of five to a dollar. The amount called in was \$5,153,088, and the amount paid out was \$4,188,340, leaving a loss of \$964,748, which was borne by the Government. As a result, the excess of exports of silver in 1842 and 1843 was \$769,959, leaving \$3,418,381 of silver in circulation January 1, 1844.

In the eleven years, 1833-43 inclusive, the imports of gold had been \$9,543,876 and the exports \$3,077,487, showing an excess of imports of \$6,466,389. This excess of imports added to the amount of silver remaining in circulation gives a total of \$9,884,770, in addition to the gold in circulation at the beginning of 1833, giving a currency estimated at \$12,000,000 or \$13,000,000, January 1, 1844. At this time

commenced a less prosperous period. In 1844 a long drought was followed by a destructive hurricane which caused a large decrease in the exports. During the five years, 1846-50, the total trade amounted to \$259,880,730, an average of \$51,976,146; \$135,735,799 being imports, and \$124,144,931 exports. During the four years 1851-54 the foreign trade was as follows:

	<i>Imports.</i>	<i>Exports.</i>	<i>Totals.</i>
1851.....	\$ 32,311,430	\$ 31,341,683	\$ 63,653,113
1852.....	29,780,242	27,453,936	57,234,178
1853.....	27,789,800	31,210,405	59,000,205
1854.....	31,394,578	32,683,731	64,078,309

From this date complete statistics are obtainable only at intervals. The era of an exclusively metallic currency ended with the year 1856. Near the close of this period, in 1855, the products of the island were valued at \$77,900,000 as compared with \$49,252,954 in 1830. The population was about 1,200,000, giving a per capita product of about \$65, being about equal to the estimated product per capita for the United States in 1840. Of this product the Government took \$13,885,400, or nearly nineteen per cent. in the shape of taxes. The exports of sugar had reached 841,064,000 lbs. The number of sugar estates in 1850 was 1,442, and the number of miles of railroad, 394—all this in spite of the blighting influence of slavery and Spanish misrule. A writer in the *Merchants' Magazine*, of February, 1853, sums up the result of a careful review in the following words: "It is certain on a review of her condition and affairs, that Cuba carries on a great and healthy trade, that wealth has rapidly accumulated, and that agriculture and commerce have been swiftly extended, and that much capital has been expended in various improvements, without any aid from foreign loans or credits, or any of the plans pursued elsewhere to enlarge the currency. Under a better political system a vastly greater result could have been accomplished."

The currency of Cuba ceased to be exclusively metallic in January, 1857, when the first paper currency was issued by the Spanish Bank of Havana. This bank was organized in February, 1856, with a capital of \$3,000,000, and a charter for twenty-five years, by which it was authorized to issue its notes to the extent of its capital. In the following summer (1857) the Havana money market experienced a severe crisis brought on by wild speculation in shares of the various banks and other stock companies recently established or about to be started. The operations in stocks became so great as to absorb the capital required for the imperative industrial wants of the community. The pressure and alarm became so general that a run for deposits was made upon the banks, compelling four of them to suspend. The Spanish Bank would itself have been compelled to suspend had it not received timely support from the Government and

the merchants. To enable the Bank to afford the necessary relief to the mercantile community, it was authorized by Captain-General Concha to raise a loan of \$6,000,000 in bonds of denominations ranging from \$100 to \$10,000, payable to bearer, at dates varying from six to eleven months, and bearing interest at the rate of ten per cent. per annum. The speculation in stocks was at the same time checked by the refusal of General Concha to permit the organization of two hundred and seven companies, their number indicating the magnitude of the proposed operations in this direction, thus seasonably nipped in the bud. With the aid of these measures the more violent phases of the crisis disappeared.

The money market continued, however, in an unsettled condition for the next two years; specie became more and more scarce, and the banks, notwithstanding the measures adopted in 1857, were unable, or unwilling, to afford adequate relief to the mercantile community, perhaps owing to the short period allowed for the \$6,000,000 loan to run. Paper having first-class signatures could not be discounted at any but ruinous rates of interest, and in many instances no specie could be obtained at any rate.

To avert the renewal of the crisis thus threatened, the Government, on the 1st of September, 1859, authorized the Bank to increase its capital from \$3,000,000 to \$4,000,000, and to increase its issue of bills to double the amount of its realized capital, the specie reserve to consist of one-third part of the realized capital and of one-half of the issue in excess of the capital. The Bank was also authorized to issue \$500,000 in notes of twenty-five dollars each, from which it may be inferred that it had not previously been allowed to issue notes of as small a denomination as this. It was also allowed to trade in gold and silver bullion. All its liabilities payable on demand were to be guaranteed, either by the specie reserve already mentioned, or by bills running not over ninety days, and no loan greater than the capital of the Bank was to be made to the Government without guarantees of a solid nature and easy of realization. Subsequently the bank was authorized to issue notes to three times its capital.

In 1861-2, the Bank loaned to the Government some six or seven millions of dollars for expenses attending the expeditions to Santo Domingo, and to Mexico; the Bank being authorized to limit its specie payments to \$25,000 a day. Subsequently the capital of the Bank was increased to \$6,000,000, and still later to \$8,000,000. Up to 1867, and even two years later, the notes of the Bank maintained their par value.

The insurrection broke out in October, 1868, and the Government had occasion to avail itself of the funds of the Bank in large sums, for which it issued notes. Still, it was

not until the latter part of 1869, that there was any depreciation of its notes. Specie payments were practically suspended in 1870, and have not since been resumed. In 1871, the Bank began to issue fractional notes.

For the following statement, taken from *Spencer's Annual Reports*, showing the progressive depreciation of the currency, as well as for much further information in regard to the Bank, we are indebted to the courtesy of Mr. Henry C. Hall, United States Consul-General at Havana :

Year.	Average gold value of bank notes.	Year.	Average gold value of bank notes.
1869....	97.54 per cent.	1875....	45.69 per cent.
1870....	97.43 "	1876....	45.19 "
1871....	95.79 "	1877....	44.55 "
1872....	90.17 "	1878....	47.13 "
1873....	70.79 "	1879....	45.93 "
1874....	45.44 "	1880....	44.81 "

For November, 1880, the average value of the notes was forty-eight per cent. of par, and on December 23, 1880, 48.51 per cent. The circulation of the Bank, December 18, 1880, was \$50,643,297, of which \$44,900,077 was on account of the Government, and \$5,743,320 on account of the Bank. On the 30th of April, 1880, the circulation was \$57,857,000, of which \$44,900,000 was on account of the Government, and \$12,957,000 on account of the Bank. The largest amount of notes issued by the Bank on its own account was \$20,198,160.95, August 5, 1873, on which date the emission for war account of the Government was \$39,828,305.40, giving a total of \$60,026,366.35. The largest total was \$76,000,000 in August, 1874, of which \$16,000,000 were for account of the Bank, and \$60,000,000 for account of the Government.

At first the notes were received in all transactions, and by the Government for all taxes and customs dues. But in 1874, the customs dues and a portion of the taxes, were made payable in gold, and since July 1, 1880, the notes have not been receivable for any Government dues whatever. How severe a blow this policy was to the credit of the notes, the foregoing table plainly shows. The notes have never been declared by law a legal tender, but practically they have had forced circulation, any one refusing them being regarded as an insurgent. The amount of gold coin in circulation in the island, on April 30, 1880, was estimated at \$30,000,000 to \$35,000,000, the amount of silver coin \$1,000,000. Reckoning the paper currency at fifty cents on the dollar in purchasing power, this gives a total currency of about \$58,500,000, being \$41.80 to each of the 1,400,000 inhabitants.

The expenses attending the suppression of the insurrection, which was only accomplished in 1878, have laid a heavy burden upon the resources of the island. The entire expenses of the island were estimated in 1876 at \$82,000,000 in gold, of which \$46,000,000 were to be raised by customs

dues, and \$36,000,000 by inland taxation. It was then proposed to provide for the floating debt and to retire the notes of the Spanish Bank, by issuing eight-per-cent. bonds to the amount of \$180,000,000, which would involve, when completed, an annual expense of \$14,400,000 for interest, or about \$10 per capita. The valuation of the island in 1872 was estimated at \$1,324,800,000, and the annual product at \$140,000,000. Both are probably less rather than greater at the present time, as the enormous taxation has broken down many of the planters; the number of sugar estates falling off from 1,365, in 1860, and 1,190 shortly before the insurrection, to only 700 at latest accounts, and the sugar crop declining from 1,678,631,000 lbs. in 1868 to 1,568,000,000 lbs. by the latest returns. By the suppression of the insurrection the burden of taxation has been somewhat reduced, the budget of 1879 showing an estimated revenue of \$60,132,638, of which customs duties were expected to produce \$22,641,801. The expenditures were placed at \$56,764,688, leaving a surplus of \$3,367,950. Before the insurrection the revenue was estimated at \$37,000,000. The experience of Cuba with paper money is but a new example of a debt artificially increased by inflated expenditures resulting from the use of depreciated currency.

In the case of Cuba, the restoration of the currency while leaving the debt nominally the same really doubles its burden, by increasing the value of the monetary unit in which it is to be discharged.

The foreign trade of Cuba since the introduction of a bank note currency has been, so far as data are obtainable, as follows:

	<i>Imports.</i>	<i>Exports.</i>	<i>Total.</i>
1857.....	\$ 34,853,338	\$ 32,668,188	\$ 67,521,526
1858.....	39,063,338	33,831,839	72,895,177
1859.....	43,465,680	57,455,185	100,920,865
1868.....	—	86,122,777	—
1870.....	—	82,600,666	—
1871.....	—	71,251,440	—
1876.....	—	76,235,726	—
1877.....	—	66,836,204	—
1878.....	—	70,881,525	—
1879.....	46,119,000	84,537,000	130,656,000

The year 1879 was one of heavy export trade, the total exports of sugar for the calendar year being 1,397,614,400 lbs., or 556,550,400 lbs. more than in 1855. The United States alone, in the fiscal year ending June 30, 1879, took 1,275,838,692 lbs. of sugar, valued at \$50,732,738, and \$64,202,441 in all, specie included, sending to Cuba only \$13,185,893. Whether the heavy balance of exports results from an inflated valuation due to the depreciation of the currency, or represents a tribute drawn from the island by absentees, or otherwise, is not clear from the published reports. Both causes may contribute to the result. The amount spent by Cubans in this country was formerly estimated at \$5,000,000.

There are six banks at Havana, besides several other companies quoted at Havana, whose capital, reserve, and dividends, etc., are given as follows in the *Havana Weekly Report* of December 25, 1880, the quotations being in bank bills, unless otherwise stated :

	Capital.	Realized.	Reserve.	Nominal value of share.	Price Dec. 17, 1880.	Dividend.
Banco Español de la Habana.....	\$ 2,000,000 00	All.	\$ 470,567 36	\$ 500	118@119% gold.	4% June 30, gold.
Banco Industrial.....	1,600,000 00	"	77,331 33	500	168@169% gold.	3% June 30, gold.
Banco del Comercio y Alimosa de Regia	3,000,000 00	"	134,096 11	200	104@105	
Banco y Almacenes de Santa Catalina.....	1,000,000 00	\$ 846,533 30	{ Gold. 176,054 65 { B. B. 501,193 14 { B. B. 111,538 26	500	99@100	3% July 15, 1879
Savings Bank.....	500,000 00	All.	23,997 30	100	127@128% gold.	4% June 30, gold.
Almacenes de Depósito de la Habana.....	2,000,000 00	"	15,835 48	500	45@ 46% gold.	6% Sept. 30, gold.
Planters' Sugar Magazine Co.....	622,000 00	All.	—	500	118@119% gold.	3% June 30, gold.
Fuel and Navigation Co. of the South.....	800,000 00	"	—	500	112@113	87 gold 1879.
Spanish Gas Light Co.....	3,181,612 85	"	6,706 77	500	99@100	5% Oct. 5, B. B.
Cuban Gas Light Co.....	540,116 00	"	5,171 56	500	127@128%	5% June 3, B. B.
Spanish Gas Co. of Matanzas.....	379,667 00	"	—	500	175@176%	3% Oct. 30, B. B.
Gas Light Co. of Cardenas.....	224,000 00	"	4,534 00	100	—	1% Sept. 30, gold.
Havana Railroad.....	5,000,000 00	"	—	500	141@142%	2% April 21, gold.
Matanzas to Sabanilla R. R.....	4,235,473 91	"	—	500	100@101%	12% B. B. } 3 Div.
Cardenas to Júcaro R. R.....	7,339,000 00	"	—	500	114%@115% gold.	5% gold. } 1880.
Cienfuegos to Villa Clara R. R.....	2,012,920 00	"	18,022 00	500	170@171%	5% April 29, gold.
Sagua la Grande R. R.....	2,481,790 00	"	8,953 08	250	25,383 67	10% July 3, B. B.
Caibarien to Sti Spiritus R. R.....	1,235,666 52	1,938,010 00	{ Gold. 2,006 16 { B. B. 18,886 69	200	144@145%	5% July 9, B. B.
Western R. R.....	3,140,000 00	All.	9,361 63	500	109@170%	
Bahia R. R.....	2,238,000 00	2,722,197 92	{ Gold. 1,479 54 { B. B. —	500	37@ 38%	
Urbano R. R.....	1,600,000 00	All.	—	500	7@ 8%	
First Steamship Co.....	228,000 00	"	—	500	125@126	4% June 30, B. B. in 1873.
Total twenty-two companies.....	\$ 51,349,356 28	—	\$ 1,600,119 93	—	—	—

On the 31st of December, 1871, there were twenty-four companies in the quoted list mostly identical with the above. Their nominal capital was then given as \$54,613,915, of which \$52,205,600 were paid in. Their reserve funds were \$3,897,288. The Bank of Commerce was then reported with a capital of \$7,000,000; Spanish Bank, \$6,000,000; Trade Bank, \$1,600,000; Mercantile Bank, \$525,000; San José Bank, \$1,500,000; Savings Bank, \$500,000; La Alianza Bank, \$2,800,000, giving a banking capital of \$19,925,000, with reserve funds amounting to \$1,176,041, against \$13,946,533.30 of capital, and \$1,494,688.15 of reserve in the table given above. The San José Bank is omitted from the above table and would, if its capital is the same as in 1871, bring the total capital up to \$15,446,533.30.

The amount of gold and Spanish bank notes existing in the various banks of deposit at Havana, at the close of each month, is given by the same authority as follows:

	<i>Gold.</i>	<i>Bank notes.</i>
December, 1879.....	\$ 8,957,000	\$ 13,383,000
March, 1880.....	10,879,000	12,133,000
June, ".....	10,260,000	14,478,000
August, ".....	13,273,000	12,338,000
November, ".....	14,332,000	14,025,000

The statement of the Spanish Bank of Havana for December 18, 1880, shows the following result:

	<i>Gold.</i>	<i>Bank notes.</i>
Cash.....	\$ 5,285,918 03	\$ 7,289,402 65
Notes receivable.....	6,544,980 33	4,197,596 62
Sundry accounts.....	6,546,457 99	6,088,581 03
Account Public Treasury without interest.....	—	44,900,076 90
Real and personal estate.....	110,000 00	—
Expenses.....	77,824 58	11,902 70
	<u>\$ 18,565,180 93</u>	<u>\$ 62,487,559 90</u>
Capital.....	\$ 8,000,000 00	—
Reserved fund.....	470,567 36	—
Deposits and account current.....	7,167,929 43	\$ 7,519,161 57
Bank notes } Bank account.....	\$ 5,743,220 00	—
} Government account..	44,900,076 90	50,643,296 90
Other obligations.....	2,926,684 14	4,325,101 43
	<u>\$ 18,565,180 93</u>	<u>\$ 62,487,559 90</u>

The Spanish Bank alone has the right to issue circulating notes.

A comparison between Cuba under a specie currency, and Cuba under a mixed or paper currency, results decidedly in favor of the former. The era of specie currency was marked by a more uniform prosperity, greater freedom from crises and revulsions in trade, of less oppressive taxation, and relatively more rapid accumulation of wealth.

DUDLEY P. BAILEY.

EVERETT, MASS., February, 1881.

[CONTRIBUTED.]

THE PRIMARY IDEA OF MONEY.—A MEDIUM OF EXCHANGE.

The primary idea of money is, that it is something adopted as an intermediary in the exchanges which the necessities and convenience of men require them to make of the various kinds of property. It is therefore the distinguishing and essential characteristic of money, that it is a medium of exchange.

The way in which the use of money has so largely superseded barter, is in some cases historically known. But even if it was not so known in any case, the cause and nature of the transition are so entirely plain, that the statement of them has been uniform among all writers on such subjects.

When civilization has made any sensible progress, men must have occasion to exchange the excess above their own wants of any particular thing which they may produce, for something of which they stand in need, and which is produced by others. But it would often happen that what A possesses in excess, may not be wanted by B, who is the owner of something which A requires, so that a direct exchange between them would be always very difficult, and sometimes impossible. But if there existed some commodity or thing in such general demand that almost everybody would accept it in exchange for property of all kinds, a transaction between A and B would at once become possible, and it would be facilitated in proportion as the supposed commodity, or thing in general demand, was portable, susceptible of subdivision, and not liable to impairment by handling and transportation. A would exchange the excess of his own production, for the supposed commodity, or thing, on the best terms the market admitted of, and would then have something which B would accept for whatever he had to dispose of and which A required.

In certain conditions of society, either before coin was known, or where it has been exceedingly deficient in quantity, various articles have been made available as mediums of exchange. Cattle and sheep are said to have been so used in the earliest period of Roman history, and the Latin word *pecunia*, signifying money, is said to have been derived from the Latin word *pecus*, or flock. However that may be, it is certain that cattle and sheep have been used as money in some countries at some periods. Ostrich feathers, beads, cakes of tea, etc., have also been used for the same purpose. In the first settlement of Virginia, tobacco was used, and in the first settlement of Massachusetts, bullets, and in both

these cases the tobacco and the bullets, in addition to and mainly in consequence of, their ready acceptance as things generally wanted and easily marketable, were made a legal tender for greater or less sums, which fact, of course, still further increased the demand for them and their availability as mediums of exchange.

Iron, lead, tin and copper, have often been accepted moneys, independently of coinage, and independently of any laws making them a tender for debts. In such cases, this general acceptance has been based upon the general demand for them, arising from the many useful purposes to which they could be applied. At early periods, and in primitive conditions of the metallurgic art, they had a value relatively to that of other things, much greater than they now have, and they always possessed, as at present, the advantages of a convenient degree of divisibility, and of ease of transfer by weight. But a pre-eminence beyond all comparison in acceptance as money, in all ages and countries, has been enjoyed by the two metals, gold and silver, which mankind have agreed to call noble and precious. The demand for them, based upon their beauty and useful qualities, is permanent and universal; their resistance to chemical changes from exposures of various kinds is very marked; and their scarcity gives them a very high degree of exchangeable value, in proportion to their weight and bulk. It is historically certain that they were used as money anterior to the practice of coining, and anterior to any law making them a tender for debts, and that their currency as a medium of exchange was originally based upon their value as commodities. They were transferred by weight, and when coining was first practised, the names of coins corresponded with the names of equivalent weights of metal. In short, the principle which in the beginning governed the use of gold and silver as money, differed in no respect from the principle which has at various times governed the similar use of other commodities.

To this day, the international use of these metals as money, rests upon nothing but voluntary consent and acceptance. Manifestly it cannot rest upon law, which is only the expression of the authority of a single nation, and can have no operation outside of its exterior limits. Gold and silver are accepted everywhere, because they are everywhere more or less in demand for some purpose, or for many purposes, and for the further reason, that nations, like individuals, will accept anything which they can readily dispose of to others, although they may desire very little of it, or even none of it, for their own use. It is not at all necessary to the acceptance of gold or silver, by a particular nation, that it should use the offered metal as the material of its money, either exclusively of other material or in connection with

other material. Silver is as promptly accepted in London at the current market valuation as gold is, although gold is exclusively used in the manufacture of British metallic full-tender money. Gold is as promptly accepted in Calcutta at the current market valuation as silver is, although silver is exclusively used in the manufacture of Indian metallic money. So long as London trades with the whole world, its demand will never cease for silver which is the sole material of the money of more than half of the world. The demand of India for gold will never cease, so long as it is a considerable consumer of that metal, and as long as it is accepted in England, with which the bulk of Indian foreign commerce is carried on. Gold and silver are both promptly accepted in Italy, where neither of them is the material of the actual money in use. The case of nations is precisely like that of individuals. Nobody rejects gold or silver because he does not himself need or desire it, or because he cannot foresee that he shall ever need or desire it for any personal use. It is a sufficient reason for his accepting both, that he believes he can use either when he wishes to buy anything else which he may need or desire. Gold and silver are in fact *current* in international transactions, and it is the primary idea of money that it should be something which is *current*, or flowing easily like water.

It may be said that what practically concerns us is not the nature of money as it has existed in rude conditions of the first periods of all nations, or as it now exists in some parts of the world in which civilization has made little or no progress, but as it has existed and now exists in countries which have made money the subject of legislation. The regulation of money by law has been among the first steps taken by nations emerging from the barbarous state, and it is doubtless true that the nature and offices of money at the present day in our own country, and nearly all other countries, cannot be discussed without reference to law as the chief factor in the question. At the same time, it will be found that an understanding of the use of money anterior to law throws light upon the effect of law upon that use.

In civilized countries, at the present time, all that law undertakes to do in respect to money is to prescribe what shall be a tender in the payment of debts, including debts and taxes due to the Government. At some periods, when the proper limits of law in this respect were imperfectly understood, or when there existed, or was supposed to exist, an overpowering necessity to force the use in purchases, as well as in payments, of certain kinds of money, the holders of property and especially of food and other articles of prime necessity, have been compelled by legislation to sell them for the money lawful at the time, even if of little value in the market, and to sell at not exceeding certain prices which

were also prescribed by legislation. Laws of that kind, called laws of the *maximum*, were passed during the Revolutionary period in France at the end of the last century, in the hope of thereby sustaining the currency of the famous French assignats. Such laws uniformly fail in practice, and there has been no recent example of them in civilized countries.

The function of being a tender by law for private debts, and for dues and taxes to the Government, gives to anything which possesses it a universal and constant demand, within the exterior lines of the territory under the control of the law-making power. Taxes everywhere and at all times, are equal to a sensible proportion of the earnings of labor and capital. The effect of making any particular money a tender for private debts varies a good deal with the differing circumstances of different countries. In general, it may be said to increase with advancing civilization, and with an augmenting confidence in the stability of political institutions, and in the power and disposition of governments to enforce contracts and rights to property which is out of the possession of the owner. It is especially true of debts on long terms, that they are unknown except during epochs of high civilization. The system of debts due by governments, now grown to such vast proportions, was wholly unknown to the ancients. It is only within the past one hundred years that it has been at all conspicuous as an element of public affairs, and its greatest progress has been made within the past generation. To-day, the whole frame-work of society in Europe and the United States is permeated and interlaced with public and private indebtedness on long terms. Lands are incumbered with mortgages, or charged with annuities under wills, marriage contracts, or other family settlements. The larger part of the effective ownership of all the railroads belongs to the holders of their indebtedness. Life insurance, now expanded to such enormous proportions, is nothing but a vast fabric of debt, in which the payments promised are as remote in their date as the termination of lives; or of annuities, of which the commencement is deferred for a term of years, often long; while the means possessed by the insurers wherewith to meet their promises consist, for the most part, only of credits which they have granted on various pledges and securities. Without further elaborating the subject, it is altogether plain, that in Europe and in this country, the investment of anything with the quality of legal tender must create a very great demand for it.

Sometimes, the quality of legal tender given to money is limited, and so far as it is so, the resulting demand is diminished. The most familiar illustration of that is the case of small coins, below weight or standard, and which in all countries issuing them are made a tender for private debts,

only for small sums, although frequently made a tender for all sums to the governments issuing them. The greenbacks created in this country by the legislation of 1862, were and are a tender without limit as between individuals, but they were expressly excluded from being a tender by the Government for interest on most of its bonds issued during the Civil War, and from being a tender for either the interest or principal of the bonds aggregating \$1,500,000, authorized by the Funding Act of July 14, 1870. So also they were excluded, until the resumption of coin payments in 1879, from being a tender to the Government for duties at the custom houses. The legal-tender power of National bank notes in this country, does not extend to payments to the Government for custom-house duties; and in private payments it is restricted to the case of debts due to National banks, each of those institutions being obliged to accept for debts due them, not merely their own notes, but the notes of all other National banks.

Since governments have acted upon the question of money, by coining the precious metals and making them a tender for debts, and in some cases by issuing paper, either directly themselves, or through the agency of banks, and making such paper a tender for debts, many authorities restrict the term *money* to whatever is made by law a valid medium of payments. Any species of money actually current in the market and generally accepted voluntarily in payments, although not a compulsory tender, such as the State bank notes formerly in use in this country, and such as our present National bank notes, aside from their function of being a legal tender to all National banks, is, by such authorities, spoken of as *currency*, in order to distinguish it from what they regard as strictly money.

The use of the term *money*, as consisting only of what is a legal tender for all sums, is more general in Europe than in this country. It is true that in the United States, popularly, and among bankers and writers upon political economy, the term *currency* generally excludes the idea of a legal tender; but it is by no means true that the term *money* always includes it or ever has done so. The State bank notes formerly in use were not a legal tender at all, but were almost universally regarded and spoken of as money, and so are to-day the National bank notes, although no individual, and no corporation, except a National bank, is compelled to accept them as a payment.

The most idle of all disputes are those which turn upon the definition of words. What is important is, that those who read, or are spoken to, should accurately understand the precise sense in which the writer or speaker uses language. In that case the words used perform the office of conveying to the hearer or reader the ideas of the speaker

or writer, and that is the only office which words are intended to perform.

In what I now propose to write upon this general subject, I shall apply the term *money* to whatever in any country, or in any considerable territorial division of any country, is so generally accepted as a medium of exchange that the prices of commodities are commonly stated and understood as expressing their value in such money, and which is also, either by the force of law or by the force of circumstances and of public opinion, accepted by substantially everybody in the payment of debts.

To-day, there are few persons, and perhaps none, who, in stating the present volume of money in the United States, would exclude from it the National bank notes, or who, in stating the present volume of money in European countries would exclude any paper currency which, without being a legal tender, is as readily accepted in exchange and in payments, as National bank notes are in this country. Under the system of State banks which existed in the United States prior to 1862, the notes of these banks, so long as they were solvent, or reputed to be solvent, were always treated and described as money, and indeed, at most times, constituted the bulk of the money in use. During the frequently recurring periods of their suspensions of coin payments, metallic money disappeared entirely and there was nothing left but these notes. On a definition of money, requiring it to be a tender by law, England had no money during the suspension of coin payments by the Bank of England, which commenced in 1797 and continued until 1821, inasmuch as its notes, although now a legal tender, were first made so in 1833.

It is sufficient to make anything money in any considerable territorial division of a country, that it is generally accepted in exchanges and payments in such division, even if not so accepted in the whole country. Examples of that kind are not to be looked for in small countries, but they have been numerous in the United States. The last example was the case of the greenbacks, which were none the less money on the Atlantic coast and in the Valley of the Mississippi, because they were not money on the Pacific Coast prior to the coin resumption of 1879. The general fact was throughout the entire history of the State bank system, that the notes of the Southern and Western banks were money only within wider or narrower limits in their vicinage. During the war of 1812-15 with Great Britain, the banks of the extreme North East maintained coin payments, which were elsewhere suspended, and that made two sectional currencies of seriously unequal value. The same thing happened in 1838, when in exactly one year after the general suspension of May, 1837, the banks of New York resumed coin pay-

ments while the banks to the South and West of it remained for a considerable time afterwards in a state of suspension, thus again creating two sectional currencies, the value of which was unequal, although less seriously so than in the case of 1812-15.

While the function of being a tender by law does not seem to be essentially required in order to make anything money, it would also seem that the possession of that function does not always and necessarily cause anything to be the money, or even a part of the money, in actual use in a country. The circumstances which may exclude it from employment, are quite diverse in their nature. It may be so excluded because it possesses too much value, or because it possesses too little.

The gold sovereign was a legal tender in England, but formed no part of the actual money of England from 1797 to 1821, being effectually expelled by its dearness as compared with the Bank of England notes. American coins of gold were a legal tender in this country from 1862 to 1879, as were American silver dollars from 1862 to 1874, but they were of so much more value than greenbacks of the same denominations, that they were practically not used at all in payments during the periods named, excepting in the few cases in which the greenbacks could not be legally used, as in paying custom-house duties and the interest on certain classes of Government bonds, and excepting also on the Pacific Coast, where a preference for coin was sufficiently universal and decided to prevent the actual use of greenbacks. During the same periods, American coins were also out of use as mediums of exchange in making purchases, excepting on the Pacific Coast, and excepting also a very limited amount employed in buying some imported articles in two or three Atlantic seaboard cities. With these exceptions, they formed no part of the volume of the actual currency, and therefore exerted hardly any appreciable influence upon the prices of the country.

The English case just cited is an example of legal-tender coins being prevented from being actually current money, by their appreciation relatively to a paper currency which was the actual medium of exchange, and which was accepted universally in payments, not by force of law, but by the stress of surrounding circumstances. There have been many similar cases in this country, of the expulsion of the metals by the notes of the old State banks, when they were in a condition of suspension.

The American case just cited, of the expulsion from use of the metals by the greenbacks from 1862 to 1879, is an example of legal-tender coins being prevented from being actually current money, by their appreciation relatively to another legal tender made of paper.

The quite contrary case may be supposed, and has sometimes happened, of legal tenders ceasing to be actually current money by such an extreme degree of depreciation and by such a wide-spread apprehension of their impending worthlessness, as would cause their general rejection as a medium of exchange. The paper currency of the War of American Independence, although sustained by legal-tender laws in many of the States, had reached that stage of thoroughly exhausted vitality just before the time when, to quote the graphic phrase of Mr. Jefferson, it "expired without a groan."

OBSERVER.

MASSACHUSETTS SAVINGS BANKS AND CO- OPERATIVE ASSOCIATIONS.

The report of the Savings Bank Commissioners of Massachusetts presents an encouraging account of the progress made by the Savings institutions of the State for the past year. The deposits in the 164 Savings banks in active operation on the 30th of October, 1880, were \$218,047,922.37, being \$11,669,212.84 more than in 1879. The surplus was \$4,758,194.88, an increase of \$456,418.99. The guaranty fund was \$2,670,152.85, an increase of \$599,105.23. The number of open accounts was 706,395, an increase of 30,840 for the year, and the average to each account was \$308.68, an increase of \$3.18. The amount deposited during the year was \$42,751,557.43, being \$14,264,753.46 more than in the previous year, and the number of deposits was 532,594, an increase of 154,333. There were 389,775 withdrawals, amounting to \$34,403,428.23, a decrease of 35,655 in the number, and \$2,322,901.02 in the amount. The average amount of each new deposit was \$80.27, and of each withdrawal \$88.26, an increase in the former of \$4.96 and in the latter of \$1.93.

The investments in United States bonds have decreased \$2,402,213.42, largely on account of sales by the banks to realize the large premium, and partly, no doubt, on account of the vicious policy of taxing deposits thus invested. The amount of public funds held was \$37,865,057.83; bank stock, \$24,078,448.84; deposits in banks on interest, \$16,256,776.98; an increase of \$10,302,955.57; railroad bonds, \$7,011,550.72; real estate for banking purposes, \$2,584,022.44; real estate by foreclosure, \$9,222,345.71; mortgages, \$82,431,984.23, a decrease of \$3,749,050.10; loans on personal security, \$30,737,205.39, an increase of \$7,813,355.56. The increase of deposits in banks on interest and in loans on personal

security amounting to \$18,116,311.13, mostly loaned temporarily, results from the difficulty of finding satisfactory investments for the increasing deposits. The average rate of ordinary dividends the past year was 3.93 per cent. against 3.68 per cent. the previous year. The amount of dividends was \$7,957,887.09, an increase of \$685,064.26, while the earnings were \$11,894,710.60, being about 5.6 per cent. on the mean amount of deposits, against 5.65 per cent. in 1879, 5.8 per cent. in 1878, 6.25 per cent. in 1877 and 6.6 per cent. in 1876. The annual expenses were \$581,274.35, a decrease of \$9,545.83. They are .271 of one per cent. of the deposits as compared with .286 last year.

There was an excess of earnings above ordinary dividends, expenses and increase of surplus and guaranty fund, amounting to \$2,300,034.94, from which they paid \$1,513,138.39 in taxes to the State, leaving \$786,896.55, the disposition of which is not stated in the report. The Savings banks are not required to return the rate or amount of their extra dividends, and it is not certain how much of this sum was devoted to this purpose, and how much went to cover losses in business. It is to be hoped that the returns may be amended in this particular so as to show both the losses on the various investments and the rate and amount of extra dividends. This excess of earnings has been a quite important item for the past five years, as the following figures will show :

	<i>Earnings.</i>	<i>Dividends, expenses, and increase of surplus and guarantee funds.</i>	<i>Excess of earnings.</i>
1875-76.....	\$ 15,911,925 57	\$ 13,706,613 99	\$ 2,205,311 58
1876-77.....	15,248,062 09	11,809,684 95*	3,438,377 14
1877-78.....	13,192,042 86	9,472,134 47	3,719,908 39
1878-79.....	11,762,976 98	8,362,880 13	3,400,096 85
1879-80.....	11,894,710 60	9,594,685 96	2,300,024 64
Total.....	\$ 68,009,718 10	\$ 52,945,999 50	\$ 15,063,718 60

* Deducting decrease of \$55,839.41 in surplus.

The amount of the Savings bank tax was \$1,798,282.99 for the calendar year 1876; \$1,814,623.06 for 1877; \$1,652,401.81 for 1878; \$1,509,851.49 for 1879 and \$1,513,138.39 for 1880—making a total of \$8,288,297.44. After deducting this amount from the excess of earnings there still remain \$6,775,420.86, of which the returns fail to give an account, a sum larger than the reported losses by saving bank failures for sixty years. This sum may be taken as a rough approximation to the sum written off as lost during these years of depression.

Of the twenty-four Savings banks which have been under injunction, nine have been restored to their full corporate functions. The particulars in regard to these banks are as follows :

Name.	Date of injunction.	Date of Dissolution of injunction.	Deposits when enjoined.	No of dividends passed	Estimated loss of dividends.
			\$		\$
City Five Cents (Haverhill)	July 17, '77	Nov. 10, '80	923,007 70	7	117,180
Taunton	Dec. 24, "	July 18, '79	1,341,458 13	3	80,487
Woburn Five Cents	Jan. 2, '78	Jan. 19, '80	458,417 27	5	45,842
Home (Boston)	March 25, "	Oct. 12, "	3,106,487 06	6	326,815
Newburyport Five Cents	April 2, "	Dec. 1, "	1,060,910 23	3	57,742
Broadway (Lawrence)	" 16, "	Oct. 30, '79	974,279 92	4	77,942
Haydenville	May 22, "	May 22, "	206,881 70	2	8,275
Great Barrington	April 24, '79	April 7, '80	348,570 60	4	23,400
Lowell Five Cents	June 20, "	Oct. 1, "	2,293,422 35	3	137,605
Total nine banks...			10,713,434 96		875,288

The dividends lost are estimated at four per cent. per cent. per annum on the mean amount of the deposits during the pendency of the injunction. The deficiency in the assets of these banks would appear, therefore, to have been about eight per cent. While some of them have been obliged to meet heavy drafts by depositors, there is now a good prospect that all will regain the public confidence and enter upon a new career of usefulness. The result has been more favorable than there was reason to expect at one time.

The condition of the fifteen banks now in liquidation is as follows:

Name.	Date of original injunction.	Amount due depositors.	Rate of dividends declared.	Amount of dividends.
Lancaster	Dec. 21, 1875	\$ 973,390 36	53½	\$ 517,928 09
Mechanics' (Boston)	Jan. 12, 1877	428,934 92	72 1-5	309,502 45
N. Bridgewater (Brockton)	April 5, "	551,300 28	80	441,088 23
Sandwich	Aug. 25, "	108,145 35	50	64,885 29
Barnstable	Sept. 28, "	1,287,614 04	60	774,537 32
Hyannis (Barnstable)	Oct. 2, "	524,617 05	62½	327,885 65
West Boston	Dec. 29, "	1,822,015 83	75	1,366,511 86
Rockport	Feb. 9, 1878	182,415 58	70	127,690 89
Mercantile Inst. (Boston)	" 19, "	3,298,390 08	65	2,143,953 89
Dorchester	" 26, "	398,161 65	92.65	368,883 87
Emigrant	April 16, "	1,982,604 37	50	991,302 18
Lexington	Oct. 14, "	95,222 52	75	71,416 89
Needham	March 4, 1879	23,354 17	50	11,675 72
Reading	April 11, "	155,345 69	12½	19,346 88
Scituate	June 20, "	127,261 53	20	25,492 30
Total fifteen banks..		\$ 11,958,833 42		\$ 7,560,101 21

Two of these institutions, the Mechanics' and Dorchester Savings banks, have declared their final dividend. The others will pay further dividends.

Within the past four years there have grown up a class of co-operative saving-fund and loan associations which have become of sufficient importance to deserve notice. They are organized under a general law of the State, approved May 14, 1877, and numbered sixteen on the 30th of October last, with \$372,462.31 of assets. Ten of these associations were organized in 1877, after which none were organized

until 1880. The words "Co-operative Saving Fund and Loan Association" must form a part of the name of each of these corporations. They may have a capital of not over \$1,000,000 each, to be derived from savings and accumulations by members thereof, to be paid into said corporation in periodical instalments of one dollar per share, until each share shall reach the ultimate value of \$200, when the payment of dues shall cease, and the holder of the share, if it is unpledged, shall be entitled to receive the sum of \$200 from the corporation, with interest at the rate of six per cent. from the date of maturity of the share to the day of payment.

Any number of persons not less than twenty-five may form such an association, and no member can hold more than twenty-five shares in any one corporation. The capital is to be loaned or advanced to members of the particular corporation holding one or more shares, who shall, from time to time, desire to anticipate the ultimate value of their shares, and shall give security, by mortgage and pledge of their stock, for the prompt and continued payment of all periodic instalments of dues, interest, premium and fines until the value of such shares shall reach \$200. Such loans are to be awarded to those shareholders who bid the highest premium therefor, and are not to exceed \$200 for each share subscribed by the borrower.

Such is a brief outline of these associations, which may yet play an important part in developing habits of thrift among the wage-earning class. The following is a list of those corporations organized at the date of the report:

<i>Name.</i>	<i>Location.</i>	<i>Incorporated.</i>	<i>Assets.</i>
Cambridge.....	East Cambridge.....	September 5, 1877.....	\$ 5,019 97
Campello.....	Brockton.....	October 3, 1877.....	44,039 14
Equitable.....	Lynn.....	October 2, 1877.....	8,725 16
Fitchburg.....	Fitchburg.....	October 27, 1877.....	33,186 53
Haverhill.....	Haverhill.....	August 20, 1877.....	15,408 69
Holyoke.....	Holyoke.....	July 24, 1880.....	1,223 74
Homestead.....	Boston.....	September 11, 1877.....	35,177 08
Mechanics.....	Taunton.....	September 14, 1877.....	62,280 72
Pioneer.....	Boston.....	July 26, 1877.....	63,243 42
Security.....	Brockton.....	December 17, 1877.....	35,085 28
Somerville.....	Somerville.....	May 4, 1880.....	1,361 38
Taunton.....	Taunton.....	March, 1880.....	21,145 90
Troy.....	Fall River.....	July 10, 1880.....	3,424 79
Waltham.....	Waltham.....	October 13, 1880.....	2,261 00
Worcester.....	Worcester.....	October 19, 1877.....	35,376 74
Workingmen's.....	Boston.....	June 9, 1880.....	5,502 77
Total sixteen corporations.....			\$ 372,462 31

The number at the same date last year was ten, with assets of \$205,235.43. There was a similar class of institutions in operation before the war, but they afterwards disappeared. It is to be hoped that these institutions may prove of a more permanent character.

CURRENT EVENTS AND COMMENTS.

ACREAGE IN COTTON.

The first count of the returns relating to the cotton crop of 1879 made by the census office, gives the following results by States as to the number of acres cultivated and the number of bales raised:

<i>States.</i>	<i>Average.</i>	<i>Bales.</i>
Alabama.....	2,278,390 ..	683,854
Arkansas.....	1,009,607 ..	590,712
Florida.....	214,306 ..	54,606
Georgia.....	2,579,969 ..	803,211
Kentucky.....	3,030 ..	1,472
Louisiana.....	853,886 ..	500,267
Mississippi.....	2,019,083 ..	918,820
North Carolina.....	880,192 ..	383,633
South Carolina.....	1,347,364 ..	516,462
Tennessee.....	709,786 ..	325,033
Texas.....	2,138,554 ..	788,697
Totals.....	14,064,167 ..	5,566,767

These returns are yet subject to revision as the result of correspondence, which may increase the figures in the case of any State to the extent of one-half or possibly one per cent. Virginia, Missouri and the Indian Territory are not included in the statement. Fifty or sixty thousand bales will probably require to be added on this account.

JUTE CULTURE—SOUTH.

Professor Waterhouse, of the Washington University, St. Louis, has addressed a letter to the New Orleans *Democrat*, in which he states that in St. Louis jute grew this year to the height of six feet; as it is a semi-tropical plant, of course it is easily cultivated in the hot and humid South. What has, perhaps, more than anything else delayed the introduction of this culture, has been the want of a cheap and rapid means of disintegrating the fiber. This difficulty has been overcome, and capital has been subscribed for the erection of a jute bagging manufactory in New Orleans. But this is only the rudest of the products which jute may readily enter into in whole or in part. It is to be remembered that the jute plant, established, takes care of itself, that the yield of workable fiber is large, that the fiber in its best state is quite equivalent to cotton for many purposes, and is not seldom sold when manufactured for silk. If it were only to take the place of cotton for coarse yarns, rope and bagging, it would be of immense value; but it makes a very handsome and tolerably substantial carpet; it is capable of being incorporated with other material in a great variety of articles without injuring their wearing capacity or deteriorating their beauty, while decreasing the cost. There can be no more doubt of the eventual initiation and success of this industry than there can be of the shrewdness and skill of our people.

COAL AND CORN AS FUEL.

The Iowa Falls *Sentinel* says: "We were told by a trustworthy citizen last week that he had given coal and corn a fair test as to their relative value and economy for fuel. Four dollars' worth of coal lasted just two weeks, while \$4 worth of corn, at twenty cents per bushel, lasted just three weeks. The experiment was repeated with about the same results, and he is satisfied that corn is much cheaper as fuel than coal, hence he burns corn exclusively." With reference to this the *Chicago Tribune* remarks: "Chicago men are only able to pay eighteen cents per bushel for ear corn in the section above referred to if they sell here without loss. It looks, therefore, as if the supply of corn from Iowa next summer will be materially lessened by the consumption for fuel. Besides, a great deal more corn has been used this winter for feeding than is usual in the winter season. The cold weather is telling extensively in both directions."

THE NEW-ENGLAND COD FISHERY.

The Boston Fish Bureau's report contains a table giving the number of large vessels engaged in the New-England cod fishery, crews and quantity of fish caught during the year. The Massachusetts fleet numbers 376, New Hampshire 14 and Maine 189; total for New England 579 vessels, with 6,068 men. The total catch of fish by these vessels foots up 647,426 quintals. It is estimated that the small fishing boats on the coast caught about 300,000 quintals of fish in addition to the above, so that the entire New-England catch may be put down at about 1,000,000 quintals, which, at a low valuation, is estimated to be worth \$2,500,000.

LOGGING IN THE WINTER OF 1880-1.

The lumbermen of the Northwest predict that with the opening of Spring a larger number of logs will be floated to the mills than ever before in one season. The *Lumberman's Gazette* calculates that the Saginaw will furnish one thousand million feet; Eastern Michigan something like one thousand six hundred millions, and the western shore as much more. Without figuring in the intentions of the Menominee river regions, where the sturdy pine destroyers have set their hearts upon laying three hundred millions of the monarchs of the pine woods prostrate on the streams, the Green Bay shores will contribute two hundred and fifty millions more, running the total up to a bewildering magnitude, conveying the impression that vast areas of forest must be left as bare of timber as the prairies. But the calculation is not done. The Minneapolis district mills are greedier than ever, and unless the cold weather and too much snow interfere, will lay in not less than three hundred million feet this winter. On the St. Croix the talk is of two hundred and fifty million, and the lumberman on the Black, Chippewa, and Wisconsin rivers, will put into those streams an average of two hundred and fifty millions each, making seven hundred and fifty millions for the three. Then the railroad mills of Wisconsin, the Wolf and other rivers will contribute five hundred million feet more. There is eager work being done in the woods of Pennsylvania, New Hampshire and Maine. The conditions are favorable everywhere, the wants of trade seem to demand the slaughter, and it will probably be made without remorse.

AMERICAN RAISINS.

The San Francisco *Herald* says: Such has been our progress in raisin making that importation of foreign raisins for the entire country west of the Rocky Mountains has, with the exception of a few fancy brands, almost entirely ceased, and in addition to principally supplying this large territory, we are already pushing our way gradually into the large business centers of the Eastern States. We have much yet to learn in packing, curing, labeling, etc. We have an Eastern prejudice to overcome, which, as in the case of wine, etc., sets its face against anything and everything that does not bear a foreign label. But in the end we shall win, and it is to-day an acknowledged, indisputable fact that California is putting up and offering for sale a better raisin than the average of all the imported raisins that are brought to the United States. We have an unlimited field to work upon and shall occupy it in due time.

A FLORIDA ORANGE GROVE.

The Dummitt orange grove, the oldest and largest grove in East Florida, situated between the Indian river and the Atlantic ocean, comprising 450 acres, having 3,000 trees now bearing and producing last year 4,000 boxes of oranges, has been sold to the Duca Tella Castellucia, an officer in the Italian military service. The Duke and Duchess will make Jacksonville, Fla., their winter home. The Duke intends to have skilled laborers brought from his groves in Sicily.

FRENCH ECONOMY.

The Paris correspondent of the London *Times* says: "The sense of economy and thrift of the French people is especially striking to those who have lived much in other countries. Nearly everybody possesses something in this country. If anybody does not, you may be pretty sure it is his own fault. Love of economy often verges on avarice. Go into any house in Paris, question the servants, and you may be certain that almost every one of them has some small treasure in the shape of cash or bonds. It is the saving of every day. The old servant in the house will often consult his master about how he is to employ his money. The head servant of a private house here, who has often filled my glass at table, has saved enough to bring him in £700 a year. He has been for twenty-five years in the same situation, and does his duty as strictly as he did the first day of his service. He seldom goes out, never takes anything between his meals, and all he gains is carefully put aside. I have met with so many examples that I am bound to believe this thrift to be the rule. A careful observer, who has occasion to mix with the middle classes in France, will be even more struck by the qualities I have indicated. The whole mode of living is made subservient to the children; the baby has hardly seen daylight before the parents are already saving for him. Every child's future is provided for at his cradle by the earnest efforts of its parents, and it is rarely their fault if they do not succeed. There is a curious exception to this almost general rule—the workman, the artisan. Here you find many, and especially the better paid, in towns and cities, who have not preserved the good qualities of their fellow countrymen. Here you find drunkenness, improvidence, and with them communism. Still it may confidently be declared that these are a small minority."

THE LONGEST TUNNEL IN THE WORLD.

The Joseph II. mining adit, at Schemnitz, Hungary, begun in 1872 and finished last October, is now the longest tunnel in the world. Its length is 16,538 meters, that of the St. Gothard tunnel being 14,620, and the Mont Cenis tunnel 12,233 meters. The object of the adit is the drainage of the important gold and silver mines at Schemnitz. It furnishes a geological section more than ten miles in length, and gives not only valuable information as to the downward prolongation of the lodes known in the upper levels, but some new ones have been traversed, and the entire series of rocks, with their mutual limits, as well as modifications and occasional transitions, are disclosed without interruption. The entire cost of the tunnel was 4,566,000 florins—about \$2,300,000. Its height is three meters; width, 1.6 meters.

MUNICIPAL DEBTS IN ITALY.

The following is from the Rome correspondence of the *London Standard*:

The indebtedness of the various communes of Italy at the end of the year 1877 amounted to 701,236,144 francs. There are 8,307 communes in Italy. Seven of these have less than 100 inhabitants; ten of them have more than 100,000 inhabitants, and 5,160 of them have between 500 and 3,000 inhabitants. Of these 8,307 communes, 3,510 are more or less in debt. Two hundred and forty-six communes, each with less than 500 inhabitants, owe among them 1,391,495 francs. One thousand three hundred and fifty-seven communes, each having a population between 500 and 2,000, owe among them 15,676,721 francs. One thousand five hundred and eleven communes, each having between 2,000 and 8,000 inhabitants, owe among them 54,669,126 francs. Three hundred and nine communes, each having between 8,000 and 20,000 inhabitants, owe among them 61,110,741 francs. Seventy-six communes, each having between 20,000 and 50,000 inhabitants, owe among them 72,355,652 francs. Finally, 26 communes, each having more than 50,000 inhabitants, owe among them 496,068,409 francs. But of this sum six great cities owe 378,069,675 francs, and stand in the following order of indebtedness: Florence, with 169,588 inhabitants, 149,552,026 francs (this was the state of matters before the State felt itself compelled to come to the aid of Florence); Naples, with 449,301 inhabitants, 105,588,652 francs; Milan, with 260,997 inhabitants, 63,208,186 francs; Rome, with 235,302 inhabitants, 37,689,326 francs; Turin, with 213,937 inhabitants, 13,490,900 francs; Venice, with 126,239 inhabitants, 8,570,585 francs. Of these, Florence, as all the world knows, has been saved from absolute bankruptcy only by the intervention of the State. Naples, though in a less desperate condition, is now about to receive similar assistance. Rome, the population of which has, since the time above named, been enormously increased, is also about to receive imperial aid. But the case of Rome may fairly be considered on an altogether different footing from that of any other commune, as being the capital of the kingdom. Milan, a very wealthy city, can afford to deal with its own very large debt. Turin, a very prosperous and exceptionally well-administered city, can do so more easily.

BANKING IN MINNESOTA.

The Third Annual Report of the Public Examiner, Mr. Henry M. Knox, for the year ending November 30, 1880, is just printed. It furnishes the results of his investigation of the State banks, the Savings associations, and the County offices. We extract the chief statements respecting the State banks.

"Fifteen banks organized under the laws of the State were in existence at the date of the last annual report. Three new banks have since been organized. One, 'The Farmers and Mechanics' Bank of St. Paul' has failed, leaving the number of banks now operating under the general State laws at seventeen.

"The summary of the detailed statements is as follows :

RESOURCES.	
Loans and discounts.....	\$ 4,496,592 19
Overdrafts.....	78,568 79
Stocks and bonds.....	94,838 17
Due from other banks.....	524,774 53
Banking house, furniture and fixtures.....	189,116 05
Other real estate.....	4,819 50
Expense account and taxes paid.....	42,860 67
Cash on hand, including cash items.....	432,953 09
Other resources.....	3,163 50
Total.....	\$ 5,867,686 49

LIABILITIES.	
Capital stock paid in.....	\$ 2,047,900 00
Surplus fund.....	69,931 89
Undivided profits.....	192,594 30
Due to depositors.....	3,186,735 62
Due to other banks.....	66,505 78
Bills payable and re-discounts.....	301,771 33
Other liabilities.....	2,247 57
Total.....	\$ 5,867,686 49

Mr. Knox proceeds to point out the increase in banking facilities, and the defects in the laws under which certain irregularities are possible, and sets forth some of the safeguards needed.

"It will be noted that we have received a marked increase in this department of the banking facilities of our State. Besides the increase in capital from the three new banks of \$160,000 since my last examinations, the Security Bank of Minneapolis has increased its capital stock in the sum of \$700,000; the German-American Bank of St. Paul, \$100,000; the Meeker County Bank of Litchfield, \$15,000; The Merchants' Bank of Winona, \$10,750, and the Bank of Zumbrota, \$7,500. One bank has decreased its capital \$25,000, and \$50,000 has been eliminated from the sum total by failure, leaving a total addition to this item of nearly a million of dollars. With this increase there also appears the gratifying addition of over \$1,300,000 in the deposits of the seventeen banks, and upon these two items is based an increase of over \$2,000,000 in discounts, and over \$500,000 in available funds.

"The outlook, as shown in this exhibit, being thus promising as indicating general good management and the great prosperity of the State, it is well to turn from it a while to note whether the foundations are secure and such as could be safely relied upon in the less favorable times which experience teaches are so lamentably sure to come.

"Two events have occurred during the last year which give force to this suggestion. By them some of the defects existing in our banking laws are brought prominently into view.

"The first is that of the failure of a bank organized and doing business under the laws of the State, and this, too, at a time of general prosperity, and without any undue extraneous causes to account for or to occasion the failure. The causes were inherent in the management of the business, and have been made fully apparent by the detailed reports made to you after examination at three separate dates since this office was established. They are alluded to here as affording a conclusive argument as to the insufficiency of our laws in preventing similar occurrences in the future. The reports revealed the fact that at the date of each of the three examinations more than three-fourths in amount of the entire loans of the bank were in the names of its directors, and that of its total capital stock and deposits combined, more than one-half, and at one examination, more than three-fourths was loaned to its directors. Part of this sum was secured by mortgages on real estate, but the available funds of the bank (thus tied up) were not sufficient to meet an unexpected call upon it for the sum of \$10,000. No provision of law was violated by these unprecedented loans to directors, no restrictions of any kind being placed by our banking laws upon the amount that may be loaned to any person or firm, director or other customer.

"The other event alluded to as calling attention to our loosely-drawn statutes on this subject, and enforcing the argument for their amendment, is the case of a bank (or of an individual, as he was the sole owner and stockholder of the bank, and legally so) which during the past year filed with the auditor of State the required certificate providing therein for a capital stock of \$25,000. The first quarterly report of the bank, rendered on April 5, and duly sworn to by two officers, made return of 'Capital stock paid in in cash, \$24,270.' The examination of the bank in May disclosed the fact that only some \$250 had actually been paid in in cash, besides some \$6,800 in notes, based upon real estate and chattel mortgages, of the President and sole stockholder. The balance, I was gravely informed, was made up of 'furniture and fixtures' and the President's individual note, which was found without other security, payable in one year with six per cent. interest, among the bills receivable, to the amount of \$16,543. It was at once pleaded that our statutes nowhere require the capital stock to be 'paid in,' and as I have remarked in my former reports, they do not in express terms require it. It has even been claimed by intelligent business men that the minimum amount of stock named in the statute (\$25,000) could be provided for in the articles of incorporation, and paid in according to the convenience of stockholders or the demands of business. The *reductio ad absurdum* of the argument is, that the articles may conveniently provide for a cash capital as a basis of business, no part of which may ever be paid in. As the Attorney-General, to whom the point was at once taken, dryly remarks: 'Our banking law is crude, with but few practical restrictions for the protection of depositors and other creditors, but it is not as absurd as such a construction would make it.' The decision of that officer, under date of May 26, upon a review of the several sections of the statutes in their relations to each other, was both emphatic and conclusive that 'all banks organized under the laws of the State must, before commencing business, have a paid-up capital of at least \$25,000.'

"The bank referred to, having forfeited its franchises under the statute, was permitted to withdraw its charter and retire from business. It is such loop-holes as these in our statutes which, in the absence of supervision, can readily be taken advantage of and inflict permanent damage upon our young communities; and it is in the light of such events as are above recorded that I again call your urgent attention to this whole subject of the imperfections of our banking laws.

"In my first annual report, I took occasion to speak of these laws in the following words; which may now be emphatically repeated: 'The need is imperative that our general banking laws should be at once and thoroughly overhauled and revised. The time is most opportune, before new organizations are effected, which may be in hands of an entirely different character, and before abuses shall have come in. For the permanence and good name of existing institutions, and for the security of the general public, it is demanded that the opportunities now offered for the springing up of weak and worthless concerns under our lax regulations should be effectually closed. Our present banking law consists of forty-six sections, of which twenty-eight pertain solely to the obsolete subject of currency or notes of issue, and the regulations of securities upon which currency is based. The provisions of the remaining sections are of the most general character, with only two or three wholesome restrictive regulations. It is possible to do almost anything under the act, and an officer if resisted would be almost wholly powerless to protect the community from practices which can be carried on under it with impunity. It is earnestly recommended that this whole matter should undergo revision at the hands of some of our wisest and most experienced men.'

"In my second report attention was again directed 'to the imperfections and general worthlessness of our State banking law, and the obsolete character of more than one-half of its sections.' In my criticisms at that time upon the general good conduct of the banks, several specific recommendations were made in the nature of amendments to the present law. These recommendations ought to be, and seem to be, quite generally concurred in by the officers of the banks, as those which will surround the general business with permanent safeguards and give it the confidence of the public. The people themselves also, through their representatives, should insist that all institutions acting under the sanction of State laws should come under such wholesome restrictions as will reduce the risks of doing business to the minimum, and make the banks the safest possible depositories of all funds, whether personal or official.

"I therefore renew these recommendations at this time. Whether the whole law should be repealed, and a new one provided embodying those features which the experience of other States has found to be essential, or whether these necessary provisions may be engrafted upon the present law, may well be maturely considered. It seems to me, however, that in either case the points brought together under the following heads, and not at all or not sufficiently guarded in our present statutes, are the very least that should be insisted on without further delay.

CAPITAL STOCK.

"That section ten of the banking act (page 354, G. S.) should be so amended as to provide in express terms that the aggregate amount of capital stock required in the statute, or with which it is

proposed to commence business, shall be actually paid in in cash, and that this amount shall be certified under oath to the State Auditor, who shall thereupon, and when satisfied that the persons have complied with all the provisions of law thus far, grant a charter and authorize such organization to commence business. If it is said that the emphatic opinion of the Attorney-General above referred to, is henceforth a sufficient guarding of this point, it is answered that an opinion, however decisive, and however just, is not law. Its validity may be disputed in the courts. The language of the statute itself is that which is looked to by all persons seeking the advantages of its provisions, and not an interpretation of it, which may not be accessible or even known to them. This language should be plain and decisive of itself.

"Such is not the case in our present statute on this point. Beside the defect already noted in regard to the actual paying in of the capital, the attestation of that fact to the State authorities is incomplete and unsatisfactory. The Auditor of State, with whom the organization certificate of section eleven is to be filed, has no means of knowing whether the terms of the certificate have been complied with strictly and without mental or other reservation, and in the absence of other supervision advantage may be taken, as has been done, and the language construed to suit the convenience or the elasticity of conscience of the applicant.

"At present, also, the persons associating (or the person, for one is enough—Section 10) on the mere recording of the certificate with the register of deeds for the county, may commence business as a body politic and corporate, with all the powers and privileges granted to corporations by the laws of the State. This may be done even in advance of the filing of the certificate with the State Auditor (Sec. 11), whose authority for so commencing is not even required. Such authorization should be made an indispensable precedent to the transaction of any business except such as is preliminary to the organization. It should be given under the hand and official seal of that officer, and should be based upon a full statement of all the facts necessary to determine that the organization is legally entitled to a charter, and this statement should be attested by the oaths of the directors and at least one of the officers of the bank. The certificate of authorization should also be published in the nearest local newspapers for some specified time before the date named for commencing business.

"Our statute (Sec. 18, page 356, G. S.) is also fatally defective in provisions in regard to the increase in capital stock of banks organized under it. No notice of any kind is required to be given of such increase to any State officer, not even the unsupported certificate to be made in the case of the original stock, and of course no evidence is given that such increase has been actually paid in. And hence it has actually transpired during the past year that one of our banks has increased its capital in an amount more than double the original sum, and that six of the State banks have increased their capital stock nearly \$850,000 in the aggregate during the same period, and no knowledge of such increase or opportunity for officially verifying the same has been afforded by the banks to any department of the State. Certainly any increase of capital should be certified to the proper State officer with all the form required in the case of original subscriptions, and the fact attested that such increase has been actually paid in, and a certificate granted that the increase has been accepted and approved on the part of the State.

"The statute also neglects to provide for any certification of a decrease in the capital stock, and one bank has during the year so decreased its capital one-half, without notice. The whole banking capital of the State banks might be so withdrawn, and under the statute no officer of the State be officially any the wiser for it."

The Examiner alludes also to the making of excessive loans to directors and others, and of loans on capital stock, which he would endeavor to prevent altogether if the law would enable him to do so. He also recommends that each bank be required to retain on hand a reserve of available funds equal to at least twenty per cent. of all immediate liabilities.

MR. SHERMAN AT BOSTON.

Secretary Sherman made an address on January 29th, at a meeting of the merchants of that city. Mr. Sherman has at one time been of the opinion that the situation required that the refunding of this year should be made in bonds of long duration. His Boston address affords a gratifying proof that he has been prompt to recognize the fact that the improved position of affairs, and the prevailing public sentiment, point now to the reservation of a short option of payment in any securities which may be issued by the Government. On that point, he made the following observations:

Following the financial operations of the Government thence to the administration of General Jackson, when the National debt was paid off in full, the Secretary stated from that time to the beginning of the Civil War, including the period of the Mexican War, the debt of the United States ranged from a minimum of \$37,000 to a maximum of \$68,000,000. It is apparent that in all the moneyed transactions of the Government, prior to the Civil War, certain general principles were followed, the chief of which was that the debt was to be considered as a temporary burden to be paid as rapidly as possible. In this respect our financial policy has differed from that of European countries. We have always made provision for the gradual payment of our debt, and they do not. Another principle upon which we have acted is, that public securities shall run but for a short period, and that the right of redemption shall always be retained as far as practicable. This right of redemption has not, in any case, been placed beyond the average life of a single generation, and this principle is more tenaciously adhered to in the popular branch of Congress than any other in respect to our debt. Another principle formerly held by us is, that whenever a public debt is contracted, a sinking fund or tax should be set aside for its gradual liquidation. Another principle of our financial policy is that, not only shall the principal of the debt be gradually paid, but that every suitable occasion be taken to reduce the interest thereon, and thus lessen its burden. I can only say we should follow the examples of the past. We should pay what we can from the surplus revenue. We should maintain intact and apply without diminution the sinking fund fixed by law. We should sell our securities at the lowest possible rate of interest, reserving the right to redeem them in a short period of time, and pay them either as they become due, or by purchase in open market. Our country is indeed fortunate when it may now confessedly borrow money at as low a rate of interest as any nation in the world, however ancient, populous or wealthy. Many among us are hopeful enough to believe that we can do what has never been done by any nation in ancient or modern times—borrow money upon our bonds at three per cent. The mother country has not yet been able to do so, although in moments of high prices her three-per-cent. consols have touched par. These questions are now being considered by Congress, and I believe a wise conclusion will be reached.

COMPTROLLER KNOX'S REPORT IN ENGLAND.

The London *Economist*, of December 18, makes the following summary of the recent report of the Comptroller of the Currency, under the heading of "Currency and Banking in the United States:"

Brief abstracts of the report of Mr. Knox, the United States Comptroller of the Currency, have been received, and while it is desirable to defer any detailed examination of what is always an instructive *resume* of the year, until the text of the report is received, there are one or two points which may now be briefly noticed. And, first, it may be pointed out in connection with the recent extreme stringency in the New York money market, that the Comptroller has found it necessary adversely to criticise the action of the Associated banks, who, he maintains, have frequently expanded their loans beyond reasonable limits, relying upon imports of gold, or purchases of bonds by the Treasury to replenish their deficient reserve. This policy, as we have seen, has been productive of considerable disturbance, even at a time like this when the European money markets have been easy, and the value of money here very low, and it would evidently have very serious consequences indeed if it were carried on at a time when the markets on this side were in a state of tension. Another matter, treated at length by Mr. Knox, is the amount and composition of the United States currency, regarding which he writes:

The imports of gold in excess of exports from the date of resumption to November 1, 1880, have been \$ 119,384,795, and the estimated gold production of the mines is \$ 67,449,929—in all \$ 186,834,724. During this period the gold in the Treasury has increased \$ 14,373,373, and the banks \$ 73,976,150, and the remainder, \$ 98,458,201, has been dispersed throughout the country, or used in the arts.

The amount of currency and coin in the country is known to be much greater than at any former time, and its distribution, together with its partial disappearance from the money centers, has been an interesting subject for discussion. The Comptroller, in a brief review of this subject in his last report, gave a table showing the amount of coin and the amount of currency outstanding, and the amount of coin in the Treasury and the banks, and the amount then estimated in the hands of the people. Tables are herewith given showing the amount of coin and currency in the country on January 1, and November 1, 1879, and on November 1, of the present year. The amounts of silver and gold coin, which includes the bullion in the Treasury, being the estimates of the Director of the Mint:

	Jan. 1, 1879.	Nov. 1, 1879.	Nov. 1, 1880.
Legal-tender notes...	\$ 346,681,016	\$ 346,681,016	\$ 346,681,016
National bank notes..	323,791,674	337,181,418	343,834,107
Gold coin.....	278,310,126	355,681,532	454,012,030
Silver coin.....	106,573,803	126,009,537	158,271,327
Totals.....	\$ 1,055,356,619	\$ 1,165,553,503	\$ 1,302,798,480

The amount of Treasury notes has remained the same since January 1, 1879, as provided by law. There was an increase of bank notes for the first ten months of 1879, of \$ 13,389,744, and for the present year of \$ 6,652,789. The total net increase of National bank notes issued since resumption is \$ 20,042,433, the total increase of gold \$ 175,701,904, and of silver, \$ 51,697,524.

The gold in the Treasury has increased \$ 20,976,007, and in the banks \$ 73,976,149, releasing \$ 50,768,829 of paper currency in the Treasury, and \$ 37,608,585 in the banks. The increase of gold outside of the Treasury and the banks is \$ 80,700,000, and paper currency \$ 108,400,000.

A FAMILIAR TALK UPON BANKING.

[To a majority of our readers the address which we give below contains, perhaps, little that is new. Yet there are few but may review with profit the principles laid down by an experienced and successful banker, while to many others the outlines which he has so graphically sketched will be of lively interest. This is especially true as to that portion which defines the process of starting a National bank, respecting which inquiries are frequently addressed to this office.—ED. B. M.]

On the evening of January 20th, Mr. W. E. Gould, Cashier of the First National Bank of Portland, spoke before the Young Men's Christian Association of that city, on "Money and Banking." After defining Money, he proceeded as follows :

I am told, by those who invite me to speak here to-night, that I am to make my remarks very practical. I am requested to speak concerning the every-day relations of money to business men; to show the way that money and the merchant come together in and through a bank.

A bank, then, is an establishment for the accommodation of the business needs of a community, and for the profit of its owners. It has both of these requisites. It is to help commerce, and also to help the pockets of the owners. The principal misconception of what a bank is, is that notion held by many wood people, when they claim that a bank is a charitable institution; a kind of "Widows' Wood Society," or a "Provident Association," or "Poor Man's Friend."

Now I will freely admit that when banking powers are conferred upon any combination of men they are bound to conduct their affairs so as to be useful, in a legitimate way, to the people in whose midst they locate. They should make their loans, all things being equal, to those at home. They should have their hours and their plans so arranged that the citizens can be sustained and helped. Indeed, common sense will dictate such a policy; for the bank lives in a healthy condition, as its surroundings are healthy and sound. Its relations are wholly mutual. It will thrive as the people thrive.

But for all this, a bank is not a charitable institution. It is governed by strict rules, both in the laws that bring it into being, and in those that influence its future. Upon the cover of the *BANKER'S MAGAZINE* we read, "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 its contracts are its proper foundation."

I am aware that this strict idea (and I contend that this is the true idea) makes many people mad, and they cry out against my craft as if we were all a set of cold-blooded Jews, when there are really among us of the banking fraternity, some excellent, mild, gentlemanly, tender-hearted men! Please remember that we are bound down by very strict rules. Laws are very sharp and penalties are very severe.

The business of banking is the establishing of a common fund for receiving and loaning money. With this more general idea is associated the discounting of bills of exchange, the collection of notes and drafts and the issuing of circulating notes.

The business may be conducted by one individual, he is then called a banker; or by a firm of partners, as in any ordinary business, who would be called bankers. Or, again, a number of men may join their capital under some State law, and have what would be called a State bank or association, the capital then being divided into shares. Or, again, capital may be joined under the laws of the United States, and a National banking association formed.

Under these varying forms a banking business is done. We may look at the reasons why men prefer one form to another. If a man has considerable means and enjoys the confidence of the community, he sometimes prefers to "go it alone," rather than to be trammelled with State or National laws. He may carry the bank in his hat or in his coat tails; and if the people don't like his ways they need not patronize him. Or a firm may do the same thing. They may be a law unto themselves. They may do just as any firm does.

But when men organize under a State law they are bound by the law. They are subject to inspection. They may pay a specific tax on the amount of money used in their business. If they issue any promises to pay they must keep some sort of coin reserve to pay their debts. They must pay a tax on the amount of promises to pay that they issue; and right here I may remark that, at the present time, the tax levied by the United States on State bank promises amounts to a prohibition, so that to-day we find very few State banks in existence, excepting in New York City, where a few such associations live, because they gather so large a deposit account that they have no need of recourse to any profit to be derived from circulating notes.

The other class of banking is that termed National banking; which does not mean that the Government owns or runs the bank, but that the banks derive their existence from a National law. Every association under this law, whether in Maine or in Texas, is governed by the same principles, is subject to the same inspection, uses the same blanks in its relations with the Treasury Department at Washington, and is under the same penalties for any violation of its trusts.

The advantage to the people of this system over any other is, that every citizen can feel that there is a power above the bank to which he can appeal if any injustice is done. Another advantage of this system is, that, inasmuch as the general government has seen fit to permit these associations to issue promises to pay, based on the security of United States bonds held in Washington, for the absolute and prompt payment of every note issued upon such security, the poorest and humblest citizen feels that, when he gets his pay on a Saturday night in a National bank bill, he has the faith of the Government behind his paper promise to pay. He need not see what bank issued it; for any bank must receive it for a debt due; and Uncle Sam must pay for it in hard coin if the local bank fail.

Let me follow out a few transactions of daily life: and, to begin at the foundation, let us start a bank here in Portland.

Some stormy winter afternoon a half dozen men are sitting around a stove in a counting room on Commercial street. They have discussed the weather, and their neighbors, have whittled the chairs, have told a few stories, and have listened to the eloquence of a teamster, who dropped in, as he cursed the banks and ventilated some new theory of finance. By the way, says Mr. A, it seems to me that if we had another bank here in Portland, we could have an easier money market, and could get better accommodation. Why, I took up a note the other day to my bank, and they didn't discount it, though with my own eyes I saw the clerk put a discount on the little book for old Sykes, and I reckon my note is as good as *his*.

The other members of the crowd, being well aware that Mr. A is a habitual growler, as well as a persistent borrower of \$150 a day to make his checks good, and an inveterate swapper of checks, do not wonder at the obstinacy of the bank.

In a few minutes Mr. A goes out, and in walks Mr. B who is a well-known, honorable, retired merchant.

The subject is renewed; and Mr. B remarks that he has had some talk of seeing some of the merchants and inquiring how they would feel about having a new bank.

Some variety of opinion is expressed. But Mr. B at length says that he has determined to try it on if he can find the right men to go with him. He wants a grocer, and a lumber dealer, and a retired man like himself and one or two more good men to make up a board of directors. He says that there is plenty of money seeking investment, and that with good management the stock will be worth \$125 in three years.

In the course of a week or so, Mr. B has selected five men who will sign a paper subscribing for at least ten shares each of a new bank, to be called the National Bank of Commerce, to be located in Portland, Maine. They write to Washington to an officer of the Treasury Department, called the Comptroller of the Currency. He makes inquiries about the needs of Portland, and the character of the men, and at length sends some blanks for the signatures of the subscribers to the proposed capital stock of \$250,000. He reminds the gentlemen that the law must be strictly followed; that the gentlemen who are to be directors must each own absolutely at least ten shares of the stock; and that at least one-half of the money must be paid in before he can grant them any rights.

Mr. B takes his paper around among his friends and in a few weeks he has the amount subscribed.

Certain preliminary steps are now taken. A room is hired, a good vault built, and the subscribers are called together to choose five directors. A cashier is selected. There are many applicants for this office, but the directors choose Mr. Perkins, because he has been in another bank for several years, has borne a good reputation and knows his business.

The papers duly signed and sworn to have been sent to Washington for approval. They come back in a week with a big seal and a certificate that must be published in some local paper showing that the bank is recognized by the powers that be.

One of the stationers' houses has subscribed to the stock, and so they are making the new books. The cashier says they must hurry up first with a stock journal and stock ledger, as the money is to be paid in at once and he must have these books.

That old growler, Mr. A, comes round before the bank is fairly started, and wants to hire \$500, on four months with a poor indorser. When he is told that they can't lend any money till they get under way, he remarks that he thought *this* bank was going to help our merchants, and he would like to know what banks are for.

The teamster, of whom we spoke a few minutes ago, said, as Mr. A returned to his office, that he could tell what banks are for! "Yer see they are jest to skin us poor fellows who haven't got nothing."

Presently, however, our new bank has all of its \$250,000 paid in. The directors are called upon to decide whether they will issue circulating notes or not. And for fear that some of you present to-night may think that banks are compelled to issue notes and that their whole profit is derived from the profit upon the circulation, I will at this point explain a few things.

The business of banking does not of necessity include the function of issuing bank notes. The privilege of issuing notes is granted by the State or the Nation, as the case may be; but, for the privilege, certain taxes have to be paid to the party granting the permission. In addition to the tax, the expense of handling the notes, the expenses of the redemption of the same, the express charges, etc., make it a serious question with many banks whether it pays to issue notes.

The fact is, though it is not often stated, that a very considerable number of large and well-managed banks long ago gave up their circulation, finding that it did not pay. In places like Portland, where the banking capital is not excessive, I think that a fair profit can be made if money is worth five and a half per cent. the year through. But the banks here would make a respectable living if they had no circulation. Another mistake in this line is, that it is claimed that the banks make large amounts out of the lost bills. I have heard it claimed that fully a quarter part of all that is issued never returns, and is consequently saved by the bank. Now, this is a great mistake, for in the case of National banks the Government and not the bank gets all the benefit. This will appear further on when I explain how the bills are obtained. Even in the case of the State banks, the proportion of missing bills is very small. I was once connected with a State bank that had a circulation for several years of more than half a million of dollars. Its bills went all over New England and into the West and Canada. When our Maine soldiers went to the front, they were paid in many cases in the notes of this bank. Those notes went

thus into many Southern States; passed through many battles; were found in soldiers' pockets in the hospitals and on the field. Now you would say that there must have been a large loss of money in this particular case. Well, the notes keep straggling back to Portland even to this day; they have always been paid and they always will be. An old lady dies, and a crisp clean bill is found tucked away in her pocketbook. Now and then one turns up from down South or the extreme West. But to-day there are only about \$1,900 outstanding of all the countless notes that were issued by this one bank that had so peculiar a circulation. Within a week three clean five dollar notes were presented for redemption. They had been hidden away in an old lady's wallet; perhaps she had kept them to pay her funeral bills. Eighteen years at least had passed since these bills were paid out. We occasionally read of some drunken swell who lights his pipe or cigar with a dollar bill; but I always think, when I read that story, as it turns up periodically, that the bill in question was a poor counterfeit laid by for an emergency of brag and show.

From this digression, let us go back to our new bank that we left with \$250,000 paid in.

After discussion, the directors decide, just as you knew they would, in favor of issuing notes.

How shall it be done? What is the process?

You understand, of course, that all National bank notes are based upon a security deposit made by the bank with the Treasury Department in Washington. That is to say, for every \$1,000 United States bond deposited, the Government will grant \$900 in new bills to the bank. No bank, however, can have more bills than its capital; many do not have so much; and, as I have before said, some banks prefer to have no circulation at all. Our new bank has \$250,000 capital; and taking up the newspaper, the managers are not consoled by the quotation of 113 for a four-per-cent. bond. But to get their circulation they must first deposit their bonds. So they easily can see that they cannot buy more than \$220,000 of four-per-cent. bonds with their \$250,000. In other words, \$30,000 is sunk in premiums for which they have nothing to show. Or, to put it in another way, they have spent \$30,000 for premiums before they have earned a dollar.

An order is given to a broker in New York to buy \$220,000 in United States bonds, drawing four per cent. interest. The broker telegraphs back that he has bought at 113. He has bought registered bonds, that is, bonds that have no coupons or semi-annual interest warrants, but are certificates of ownership of a certain quantity in the four-per-cent. loan of the United States. These certificates or bonds are in sizes of \$10,000 in this case, and are payable to some party who indorses them over in blank, when they are sold. The interest on the bonds comes from the Treasury Department to the owners, by check through the mails, in quarterly payments.

Now that the bonds are bought, and of course paid for, they are sent to the Treasury Department at Washington to be lodged with the Treasurer of the United States to secure such an amount of circulating notes as, under the law, he is authorized to issue to the new bank. This officer issues a certificate that he has had \$220,000 in United States four-per-cent. bonds converted into bonds bearing the name of the United States *in trust* for our new bank; that is, he holds the bonds as security for the payment of the notes that are to be issued by the joint act of the Government and the association. Whenever the bank surrenders the notes, or an equivalent, then the shareholders can have their bonds transferred to them again. But so long as the bank owes for its notes, so long must the bonds remain in the pigeon-holes of the big vault of the Treasurer of the United States, all done up nicely and lettered and labeled, so that at any moment the agent of the bank can put his hand on them and see that they are safe. The Treasurer sends a document to the Comptroller of the Currency, stating that he holds the bonds, and the Comptroller issues an order for printing the amount of notes authorized by law, which is ninety per cent. of the deposit. The other ten per cent. being left as a margin in case of a depreciation of the bonds. So the bank has in the first instance sunk \$30,000 in premium on its bonds, and now ties

up ten per cent. more to make the public absolutely safe when they take the bills of that bank. Only \$198,000 is allotted to our new bank. This amount is what is called the circulation of the bank.

The blanks come along in a few weeks, and though the officers may think it very pretty to see their names on a bank bill, yet before they have signed a quarter of the pile, their hands ache and they grow sick of their own names. But the bills must all be signed. Then they are chopped up, and finally make glad somebody's eyes.

For the privilege of issuing these notes, the banks pay to the Government one per cent. a year tax upon the average amount in circulation. Besides this tax, the banks pay the expenses of an office in Washington, where the notes of all of the banks are received, sorted, sent home for redemption, or if too much defaced, burned and exchanged for clean notes. The expenses of this office for a bank of \$250,000 capital would be perhaps \$200 per annum. Added to this must be the express charges from Washington to the home of the bank. Every week or two a package of bills is sent home for redemption. The cost of this service may be \$75 more. Then, again, the law provides that an amount equal to five per cent. of the circulation shall at all times be kept with the Treasurer of the United States, as a fund to charge these constant redemptions into; so that the Treasurer gets his pay for the redeemed bills before they start from Washington, and this amount has to be kept constantly good by frequent remittances. You notice, therefore, that five per cent. of our \$198,000, or \$9,900 is tied up dead and profitless in Washington all the time, so that really all the bank has to use of its \$250,000 capital in this direction is \$188,100.

I mention these facts to show that the banks do their share in paying taxes, and in making the people absolutely secure in their funds, as well as to point out that there are some serious *outs* in what many people think is a huge monopoly. I shall not contend, however, that the banks do not make money out of their circulation. They do. But I think that they fully pay for their privilege. It is not possible for a new bank to start to-day and buy bonds at present prices, pay taxes and do an honest business, and make any money out of its circulation. I would myself to-day, as things are, run a bank—a new bank—as quickly without circulation as with it.

There is another side to this story also. When a bank obtains circulation and loans the money derived from it in a community, the people in the region are helped. The wheels move round a little faster, and I do not know but that a bank is entitled to some share of the profit, if it takes all the risks of men's business, their tricks, their honesty and their frequent failures. Very certain it is that if the banks did not issue their notes, the people could not get as much accommodation as they do at present.

We will now leave this branch of banking and see how our National Bank of Commerce makes money in another direction and at the same time serves the people.

I refer now to the loaning of money. What money has a bank to loan?

1. It has its capital. But in the case we have supposed, instead of loaning its \$250,000 paid-in capital, it will only have \$188,100 to loan which is the amount of circulating notes received from Washington, in exchange for its bonds bought with all of its capital.

2. The bank really loans its whole capital to the Government by its act of buying \$250,000 bonds drawing four of interest, so that the bank receives four per cent on this amount as well as what it can make on its circulation.

3. It has its deposits to loan. That is to say, after reserving what is a prudent amount for the ordinary calls of its depositors, it can invest the balance in such a manner that it can be relied upon in case of need.

Experience teaches the bank manager how stable or how unreliable his balances may prove. In an old and well-established bank, perhaps two-thirds of the deposits may safely be loaned, on various lengths of time and various kinds of securities. In a new bank, or in a poor bank, the officer will not be surprised if his balances are as unstable as his own power to aid his dealer in an emergency.

These three, then, are, in the main, the sources of means for a bank to loan and make money.

1. The capital.
2. The circulation.
3. The deposits.

Let us next see how the loans are made. What can our National Bank of Commerce loan upon?

In walks Mr. H. He says he wants to hire \$2,000, and will give as security his son Bill and his farm. He is told that the National Bank of Commerce cannot loan on real estate, as the law practically prohibits it. Whereupon Mr. H remarks that he would like to know of what earthly use banks are if a man can't raise money on a good farm and on his son Bill's backing. But he is reminded that farms won't pay debts, and that in loaning money belonging to other people, care must be had that the money can be easily forthcoming when the debt is due.

Mr. B presents a note signed by a man up in Baldwin, indorsed by the man's wife and by Mr. Jones of the same town. Inquiry fails to bring out the fact that Mr. Jones and the rest of the Baldwin family have any intention of paying the note when due; but shows that they want to hire the money to help build up a cheese factory. Now, while a cheese factory is a glorious institution, yet it is not the thing for a bank to loan its money on. In other words banks are not established to make permanent loans, but to buy notes on short time, given for the actual purchase or sale of goods.

In country towns the practice differs. For instance, if there was a bank in Bethel in this State, the drover would present a note signed by himself and three neighbors, and would want to hire for three months \$2,000, so that he might go through the towns picking up cattle, and pay his note when he got through the operation. So also another man would hire money outright to buy hay and dried apples, and still another would want a thousand or two to fit out a winter logging crew. Back of all these transactions is the apparent ready ability of the hirers to pay their debts out of the commodities dealt in. The money is not tied up in a farm or a cheese factory as a permanent investment.

In cities the trader brings to the bank a batch of notes given for goods sold to country traders. There is a value received in every note. Flour, molasses, sugar, oil, pork, have passed out of the store in the city, and the note expresses the value. The dealer in the city wants to use his capital over again, and so sells his note to the bank. The bank buys the notes and gives the dealer a credit for the same upon his bank book.

In New York and some of the larger cities still another practice prevails. Merchants have a way of making their own notes and selling them outright at the price of money at the time. This can only be done by the strongest houses. Other houses go to the bank and say, you have for collection on our account a considerable number and amount of notes; now hold these as security and loan us a certain amount on our note. This is all legitimate; as you will see that the bank has abundant security on hand in a form that can easily pay a loan.

Still another method is that used largely in the Western States. I refer to the buying and selling of exchange on Eastern cities. A man picks up a customer for 200 barrels of flour. The flour is ground in Minnesota, for instance. As soon as it is ready for delivery he puts it aboard the cars and gets a railroad receipt or bill of lading, showing that 200 barrels of flour have been put into such cars, shipped to Mr. Jackson at Portland. The bank in Minnesota says that he can pin his bill of lading to the draft he is about to make on Mr. Jackson, and the bank will purchase the bill. The bank does not depend upon Mr. Jackson's credit, for they instruct their correspondent in Portland not to give up the bill of lading until they get their money. This custom is confined to the West and South, and arises from their large sales of produce in the East.

The profit made by banks on their loans is the interest for the time that the note or draft has to run from the day it is bought by the bank till it matures.

Who gets the profit?

The stockholders of course. The capital is divided up into shares generally of \$100 each. Twice a year the directors look at the balance sheet and say

that, after paying the salaries and the taxes, they can pay a certain amount to the stockholders. But one old director remarks that they must first add to their surplus account an amount that the law prescribes before they can divide. The idea of the banking law is to make the public safe; so it is wisely provided that until the surplus of a bank is fully twenty per cent of its capital, no dividend shall be paid until at least one-tenth of its profits shall be added to the surplus.

There is another little trouble that sometimes prevents the stockholder from getting a dividend as he expects. A bank, like a merchant, loses money sometimes, after exercising the greatest care and the best judgment and saying, "No, no, no," over and over again. Sometimes a man dies, and everybody is surprised to learn that the estate cannot pay its debts. The bank holds his paper with only a fair indorser. This fair indorser can't respond to so much calamity and so he fails. The bank settles off and loses fifty per cent. of its debt. Or a fire burns a man's store and stock, and he is improperly insured; the bank loses again. Or what is worse, and what makes a bank man mad (and justly so too!) is when a firm *lie*, telling all sorts of stories about their business and profits and expenses, and the community wake up some fine morning and find the bubble collapsed! ten cents on a dollar and nobody to blame!

If I was to write a book, I should be tempted to write one of advice to young men who are about entering mercantile life. I should say a few words on the relations of merchants to the banks. The feeling of reciprocity between the two classes ought to be in every way encouraged. The banker is interested in the success of his dealer. He sees a great many accounts, and he can be of much aid to the merchants in exposing tricks and extended credits and the peculiar ways of men who deal with the merchants. The merchant should feel that the banker is his friend, that if he criticises it is from good motives.

For instance, here is a young man just starting in the wholesale grocery business. He is ambitious to do all the business that he can, and probably tries to do more than he ought to. In his anxiety he strikes out for new accounts, and sells some country traders very large bills. He takes their notes and carries them to his bank for discount, where he is kindly told that he is selling such a man too much for his good, and the bank declines his paper. Now the banker notices that another concern is working hard to shove that customer off, and this ardent young man may get a big load before he is aware of it. I can recall very many cases where merchants would have saved many bad debts if they would but have taken a hint kindly given.

I should also caution young merchants not to attempt any sharp practice on their banks. Fictitious balances, or balances arranged so as to look well the last day of a month, and exchanged checks and a thousand-and-one little sneaking ways only hurt a merchant and destroy his credit. The banker's ledger generally shows a continuous balance, varying with each transaction; averages, and not "put up jobs" show the value of an account.

My judgment is that there is now but very little "shaving" and "grinding" exercised by the bank towards the borrower. Nor is there any disposition of this kind in respectable quarters. Money is an article of merchandise; it has its price; its price varies like the price of sugar and flour. Firms of undoubted credit can hire money lower than can some others of lower credit, just as ready money and a sharp buyer can buy 100 barrels of flour cheaper than a man who purchases on four months and is slow pay.

It is true that banks do not discount all the paper that is brought to them. Nor are they bound to. They have the right of choice as much as a merchant has whether he will trust out a bill of goods.

In closing, I desire just to allude to another class of banks that perform a very honorable function in every community; I refer to the Savings banks. This class differ from State or National banks in that they have no special capital owned by a few or by many individuals, but their capital is the deposited money of a great many saving people. They are mutual. That is, every one who puts money in is practically an owner in the bank. And the profit made by the bank, after paying taxes and expenses, and putting aside a proper reserve, is paid to the parties whose money earns the profit. The people, in their dimes and dollars and tens and hundreds, own the Savings

banks. Hence it is that these institutions are very rigorously guarded by the laws of our State

I wish to give here an answer to a question that is put to me every week. I am asked if our Savings banks are safe. Speaking to a Portland audience I say emphatically—yes, perfectly safe. They are guarded by strict laws and are governed by able men, who obey the laws. They must confine themselves to the very safest and best investments; and their reserve of profits must be large and abundant. I cannot conceive of a panic so severe that a person in this city could not withdraw, without the loss of one cent, any amount that either of the two Savings banks in this city would be willing to receive on deposit.

It is not the idea of a Savings bank to pay a large percentage of interest. Safety is the first thing, and in order to be safe, only choice and high-priced investments can be purchased by the managers.

FINANCIAL LAW.

[FROM THE ALBANY LAW JOURNAL.]

BANK—INSOLVENT—DEPOSIT UNDER ORDER OF COURT, WHEN NOT PREFERRED—GENERAL AND SPECIAL DEPOSIT—FUNDS IN RECEIVER'S HANDS.—Where the clerk of a court, under an order of the Court, making a bank a depository of court funds, and of its officers, makes a deposit of funds belonging to the Court in such bank, which afterward becomes insolvent, and the deposit was not a special one, or a mere naked bailment, and there is no means of identifying the money deposited, even if in the hands of the receiver, it is error to require the receiver to pay such deposit in full, and the clerk must share *pro rata* with other depositors and creditors of the bank. When moneys deposited in a commercial Savings bank were not kept separate from the general funds of the bank, or distinguished therefrom, and the entries of the same upon the bank books and upon the deposit book of the clerk, were the same as with all other depositors, except that no interest was to be paid thereon, it was *held*, that the deposit, though made under a general order of the Court, was not a special one, or a mere bailment, and that the money so deposited became that of the bank, which was liable for its repayment the same as to any other depositor or creditor. When the Court places the assets of an insolvent bank in the hands of a receiver, it is for the benefit of all the creditors of the corporation, to be administered, distributed and paid according to the equitable claims of all such creditors, and such act cannot affect or change in the slightest degree the rights of a single creditor, and the fact that the Court has acquired possession of the assets and funds confers no legal right to retain its deposits, which are general, in full, when the money deposited under its direction with the bank, cannot be identified. Illinois Supreme Ct., Nov. 30, 1880. *Otis v. Gross*. Opinion by WALKER, J.

INDORSEMENT—WHEN HOLDER OF NEGOTIABLE INSTRUMENT CANNOT RECOVER FROM ACCOMMODATION INDORSER.—Weller & Son made a negotiable note payable to Callahan. Callahan indorsed his name on the back of the note and returned it to them, and they presented it at a bank and had it discounted for their own benefit. *Held*, that the bank could not recover against Callahan. The law will not presume that he indorsed it for accommodation, but will presume that it was paid. *Long v. Bank*, 1 Litt. 290; *Beebe v. Real Estate Bank*, 4 Ark. 546; *Bank v. Hammett*, 50 N. Y., 158. The cases holding the indorser liable were so held upon facts being established, distinctly showing the indorsement was made for the accommodation of the person by whom it was delivered to the holder. *Woolfork v. Bank*, 10 Bush, 504; *Young v. Harris*, 14 B. Monr. 556; *Rogers v. Paston*, 1 Metc. 643. Kentucky Court of Appeals, October 12, 1880. *Callahan v. First National Bank of Louisville*, Opinion by COFER, C. J.

PARTNERSHIP—ACCEPTANCE OF DRAFT BY AGENT OF FIRM—WHEN PARTNERSHIP ENDS—POWER OF PARTNERS AFTER DISSOLUTION—ACCEPTANCE OF DRAFT AFTER DISSOLUTION.—(1). Where one firm was indebted to another firm, and after dissolution of the first it employed a member of the latter firm to close and wind up its business and pay its debts, and such agent, acting in behalf of his own firm, drew drafts in the name of his firm, payable to themselves, and procured a person who had before been the manager of the first firm to accept the same in his own name as lessee, supposing he had such authority, but not giving or attempting to give such manager any authority to accept for his principals, it was *held* that the first named firm was not liable on the acceptances, it appearing that such manager at the time had no authority to accept the drafts on behalf of his principals. (2). If a partnership is formed for a single purpose or transaction, it ceases as soon as the business is completed, or whenever there is an end put to the business; and although a partnership is entered into for one year, it may be terminated by mutual consent at any time the partners may choose. Where partners, by resolution, determine to leave the business and wind up the same, and appoint one of their number or a third party to take charge of the property and accounts and dispose of their property and collect their accounts, this will amount to a dissolution of the partnership and the revocation of the powers of any other agent before that time acting for the firm. In the absence of stipulation to the contrary, in case of dissolution, every partner is left in the possession of the full power to pay and collect debts due the firm, to apply the partnership funds and effects to the discharge of their own debts; to adjust and settle the unliquidated debts of the partnership, to receive any property belonging to the partnership, and to make due acquittances, discharges, receipts and acknowledgments of their acts in the premises. While the dissolution does not revoke the authority to liquidate, settle and pay debts already created, it operates as a revocation of all authority for making new contracts, and since the giving of a promissory note or the acceptance of a bill or draft is the making of a new contract, although it may be for a firm debt, a partner after dissolution cannot thus bind the firm, or authorize another to do so. (3). Although a partnership may exist in the name of one as lessee, who is merely the agent of the firm, to transact a particular business, as the manufacture of brick, and not a member of the firm, it will not be bound by such agent making or acceptance of commercial paper, without direct and specific authority from the firm, or some member thereof before dissolution, or unless the firm or some member during the existence of the partnership ratified the act of such agent. To hold the members of a partnership liable for commercial paper, executed or accepted by direction of one member after the dissolution, on the ground that the person taking and discounting such paper in the late firm name and style was ignorant of the dissolution, it must be shown that the members constituting the partnership were known to the person so discounting such paper previous to the time of taking and discounting the same, especially where the acceptance fails to show who composed the firm. Illinois Supreme Court, November 11, 1880. *Bank of Montreal v. Page*. Opinion by SCHOLFIELD, J.

WARRANTY—OF TITLE ON SALE OF NON-NEGOTIABLE CERTIFICATES.—The legal rules that apply to the sale of a non-negotiable certificate of indebtedness, issued by a corporation, are the same that obtain when a chattel is sold, and there is, consequently, under ordinary circumstances, a warranty implied on such sale. In this case the plaintiff purchased of the defendant, through a broker, what purported to be a certificate of the Citizens' Gas Light Company, declaring a scrip dividend of ten per cent. on the amount of its capital stock, with interest payable at the option of the company. This certificate was shown to be spurious, and had been declared void by a decree in chancery. *Held*, the plaintiff was entitled to recover the money thus paid, from the defendant. *Benj. on Sales*, 557; *Littauer v. Goldman*, 72 N. Y. 506; *Young v. Cole*, 2 Bing. N. C. 724; *Gompertz v. Bartlett*, 2 E. & B. 849; *Thrall v. Newell*, 19 Vt. 208. New Jersey Court of Errors, June Term, 1880. *Wood v. Sheldon*. Opinion by BEASLEY, C. J.

MUNICIPAL BONDS—INTEREST COUPONS PROMISSORY NOTES—PERFORMANCE OF DUTIES OF TOWN COMMISSIONERS BY A PART OF THEM.—Detached interest coupons payable to bearer at a special time and place have all the attributes of negotiable paper; and assumpsit will lie thereon. *Jones on Rail.* Sec. §§ 317, 320, 322; *Town of Concord v. National Bank of Derby*, 51 Vt. 144. In assumpsit by the *bona fide* holder of town bonds, to recover the interest specified in coupons thereof, of which the plaintiff was also the *bona fide* holder, it appeared that the bonds were issued under authority of an act passed to enable the defendant, among other towns, to subscribe for railroad stock in aid of the construction of a railroad, and to issue bonds for that purpose. The act provided that "the assent in writing thereto of a majority of the tax payers," signed and acknowledged before a justice of the peace by "each person so assenting," should first be had upon an instrument of assent, naming three resident citizens and tax payers to be commissioners to make such subscription; that when such instrument had been so signed and acknowledged, such commissioners should "append thereto a certificate by them subscribed and sworn to," stating that such assent had been signed and acknowledged, as required by the act, and should cause such instrument and certificate to be recorded in the town clerk's office; and that "such certificate so executed and recorded" should be conclusive evidence of the facts stated, and by the act authorized to be stated therein. Defendant offered to prove that the instrument of assent was not signed by a majority of the tax payers, that but two of the commissioners signed the certificate, and that the third refused to sign because such instrument had not been signed by such majority. *Held*, that at common law, as well as under section 2, chapter 4, General Statutes, the certificate of the two commissioners, the third having shared in their deliberations but refused to concur in their decision, was a valid certificate in compliance with the act, and conclusive evidence of the facts therein stated; and that the evidence offered by defendant was therefore inadmissible. *First Nat. Bk. of St. Johnsbury v. Concord*, 50 Vt. 257; *Coke's Lit.* 181b; *Billings v. Prinn*, 2 Bl. 1017; *The King v. Forrest*, 3 T. R. 38; *The King v. Besston*, 2 id. 592; *Witherell v. Garthurn*, 6 id. 388; *Grindley v. Barker*, 1 B. & P. 229; *Attorney-Gen. v. Bavy*, 2 Atk. 212; 2 *Kent's Com.* 633; *Story's Ag.*, § 42 note; *Fewett v. Alton*, 7 N. H. 253; *Scott v. Detroit J. M. Ass'n*, 1 Doug. (Mich.) 119; *Commissioners of Allegheny v. Lecky*, 6 S. & R. 166; *Commonwealth v. Canal Commissioners*, 9 Watts, 466, 471; *Cooper v. Lampeter Township*, 8 id. 125; *Kingsbury v. School District*, 12 Metc. 99, 105; *Charles v. Hoboken*, 3 Dutch. 203; *Curtis v. Butler County*, 24 How. 435, 450; *Jones v. Andover*, 9 Pick. 145, 151; *Cooley v. O'Connor*, 12 Wall. 391; *Downing v. Rugar*, 21 Wend. 178; *Crocker v. Crame*, id. 211; *Ex parte Rogers*, 7 Cow. 526; *Johnson v. Dodd*, 56 N. Y. 76; *Groton v. Hulbert*, 22 Conn. 178; *Babcock v. Lamb*, 1 Cow. 238; *Baltimore Turnpike*, 5 Binn. 481; *Louk v. Woods*, 15 Ill. 256; *Walker v. Regan*, 1 Wis. 597; *Jefferson County v. Stagle*, 66 Penn. 202; *Austin v. Helms*, 65 N. C. 560; *Schenck v. Peay*, 1 Woolw. 175; *New York Life Ins. Co. v. Staats*, 21 Barb. 570; *Powell v. Tuttle*, 3 Comst. 396; *People v. Coghill*, 47 Cal. 361; *Pell v. Ulmar*, 21 Barb. 60; *People v. Walker*, 23 id. 304; *People v. Nichols*, 52 N. Y. 478; *Martin v. Lemon*, 26 Conn. 192; *Damon v. Granby*, 2 Pick. 345; *Hanson v. Dexter*, 36 Me. 516; *Gallup v. Tracy*, 25 Conn. 10; *Williams v. School District*, 21 Pick. 75; *Matter of Bakman*, 1 Abb. Pr. 444; *Matter of Palmer*, 31 How. Pr. 42; *Newell v. Keith*, 11 Vt. 214; *Wolcott v. Wolcott*, 19 id. 37; *Hodges v. Thacher*, 23 id. 455; *George v. School District*, 6 Metc. 497; *Bradford v. Justice's Court*, 33 Ga. 332; *People v. Hayes*, 7 How. Pr. 248; *People v. Comptroller*, 20 Wend. 596; *Bennington v. Park*, 50 Vt. 178; *Village of Winooski v. Gokey*, 49 Vt. 282; *Thompson v. Arms*, 5 id. 546; *Plymouth v. Commissioners*, 16 Gray, 341; *Howard v. Proctor*, 7 id. 131; *Coffin v. Nantucket*, 5 Curtis, 272; *Wilson v. Waterville School Dist.*, 46 Conn. 99. Vermont Supreme Court, October Term, 1879. *First National Bank of Bennington v. Town of Mount Tabor*. Opinion by ROYCE, J.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I.—NATIONAL BANKS AND MORTGAGE SECURITY.

Can a National bank discount a note with a mortgage note as collateral? For instance, A holds notes against B, which are secured by a mortgage on real estate. A, wishing a temporary loan, offers to the bank his personal note, with one of the mortgage notes (given by B to A) as collateral security, but makes no assignment of the mortgage to the bank. Is the mortgage note any security to the bank? And, if obliged to rely on their collateral for payment of the loan to A, could they collect the mortgage note, under the mortgage, the same as an individual could?

REPLY.—Of course the bank may enforce payment of the note against B as his personal contract. We take it, however, the inquirer means to ask whether payment can be enforced by the bank out of the *mortgaged property*. It has now been settled, after a good deal of discussion, that it can be. See *Nat. Bank v. Matthews*, 98 U. S. 621; *Graham v. Nat. Bank*, 32 N. J. Eq. 804; *First Nat. Bank v. Hairc*, 36 Iowa, 443. This general principle seems to have been adopted by the courts, viz., that, although a National bank is forbidden by the law to loan money on a mortgage of real estate, yet, if it does so, the mortgage is not thereby rendered void, nor can the mortgagor prevent a foreclosure of the mortgage, by setting up that the bank was forbidden by law to take it. The taking of mortgages, under such circumstances, is said to be a breach of the law, of which the Government only can take advantage, by proceedings to annul the bank's charter, etc. It should be noted, and we have referred to the matter before, that the Bank Act gives the Comptroller of the Currency very full powers to commence such proceedings in any case, where he thinks a bank is acting in violation of law. We never heard of a case, however, where the Comptroller has actually begun such proceedings against a bank for taking a mortgage of real estate. Of the general purpose and intent of the law there can be no doubt, viz., that the banks shall not be allowed to tie up their assets in real estate; but the construction, which has been given to the law by the courts, is one not likely to aid in carrying that purpose into effect.

II.—TAXATION OF NATIONAL BANK SHARES.

Our stockholders have all requested this bank to pay the tax on their bank stock in this county; we have done so for years past. There is now an attempt to assess one of our stockholders in the county in which he resides, being also in this State, and a different county from which the bank is located.

We have not heretofore had this question to deal with. Can you refer us to an article in your Magazine governing the case?

REPLY.—Section 5219 of the Rev. Stats. U. S. permits the taxation of shares in National banks in such manner and place as the Legislature of the State where the bank is situated shall determine, subject to the restrictions that taxation shall not be at a greater rate than is assessed upon other moneyed capital; and that shares owned by non-residents of the State shall be taxed in the city or town where the bank is located. It is obvious, therefore,

that the place where stock in National banks shall be taxed, is, in each State, a matter of local regulation, depending upon the laws of the State in which the bank is situated. It is impossible for us to say, with any certainty, what the law of Indiana, from which State the inquiry comes, is upon the point in question. The answer depends upon a careful examination of the tax laws of Indiana and the decisions which have been made upon them by the courts of Indiana, with neither of which is it possible for us to be familiar. We advise our correspondent to consult the best lawyer of his acquaintance upon the question, and he may find, even then, that it is difficult of solution.

III. THE STOPPAGE OF INTEREST.

Suppose our bank desires to stop paying interest on deposits, and in February, 1880, notifies the depository holders of certificates that "from and after March 1st, 1880, the interest on their certificates will cease." Now, December 13, 1880, a certificate holder comes in and demands payment of his certificate with interest from its date, *i. e.*, November 9, 1879.

The certificate is in the following form:

"FIRST NATIONAL BANK.

"_____, _____, November 9, 1879.

"JOHN DOE has deposited in the First National Bank of _____, _____, one hundred dollars, payable to the order of himself, in current funds, on the return of this certificate properly indorsed. With interest at the rate of four per cent. per annum, if left six months.

"_____."

Can he compel the bank to pay him the interest accrued since March 1, 1880?

REPLY.—Where a certificate of deposit is issued by a bank to its depositor, such certificate constitutes, or becomes the evidence of, the contract between the parties, and is generally treated as a negotiable instrument like a promissory note. And, although this particular certificate is not a negotiable instrument, because not payable in money, it nevertheless, like a non-negotiable promissory note, contains the contract of the bank with its depositor. We think that, upon a fair construction of the certificate, the depositor is entitled to six months' interest at any rate. He is to have no interest unless he leaves his money for six months, and the certificate ought to be construed as containing an agreement to pay six months' interest if he does do so. Further, we doubt very much whether the bank can stop the interest after six months by a mere notice that it will not pay interest after a certain date. It has taken the depositor's money upon certain terms and given him a contract in writing in accordance therewith, which is like a non-negotiable promissory note payable on demand. The maker of a promissory note payable on demand, with interest, cannot stop the interest, without tendering payment of the note to the holder, and we doubt whether the bank could stop the interest on this certificate, without doing something equivalent to making a tender of the amount due upon it. The certificate, however, is payable only at the banking house of the issuer, and a notice to the holder of it, which would be equivalent to a tender, would be a notice to present it for payment on a certain day, unless he wished to allow it to remain after that day without interest. We do not exactly see how a mere notice that it will not pay interest after a certain day, within the six months, in contradiction of the written promise of the bank to pay interest, is such a notice, and we advise the bank to pay the interest demanded by the holder of this certificate.

FINANCIAL MATTERS AT WASHINGTON.

In the Senate, January 31, a resolution was adopted calling upon the Secretary of State for information as to the disposition of foreign governments in regard to the return of silver to full use as money.

In the House, on the same day, Mr. Buckner, of Missouri, introduced a bill to amend the *Revised Statutes* relative to the election of directors of National banks, providing that no two members of the same business corporation shall be eligible as directors of the same National bank; that no money broker or private banker or director in any private banking house or Savings institution, shall serve as director of a National bank located in the same city or town; and further, that when any National bank director ceases to own ten shares of its stock, or otherwise becomes disqualified, he shall at once vacate his office as director.

In the Senate, February 1, the Pension appropriation bill was pending, and an amendment was adopted appropriating \$17,692,031 to supply a deficiency or the current fiscal year.

In the House, February 2, the District of Columbia Appropriation bill was passed, with an amendment authorizing the Treasurer of the United States to purchase any of the funded indebtedness of the District of Columbia for the sinking fund authorized to be created for the redemption and payment of the indebtedness of the District, as in his opinion may be for the best interests of such District.

In the Senate, February 4, the House refunding bill was reported by the Finance Committee, with the recommendation of certain amendments. [These amendments are described in our editorial article upon *Refunding*.]

In the Senate, February 7, Mr. Cameron presented a remonstrance from the Association of National banks of Eastern Pennsylvania, against the passage of the House funding bill.

In the House, February 7, Mr. Bowman, of Massachusetts, moved to suspend the rules and pass the joint resolution for the appointment of a commission to ascertain and report a basis for a reciprocity treaty between the United States and the British Provinces. The reading of the report was dispensed with—yeas 162, nays 84—and then the House refused to consider the joint resolution by a vote of 33 to 119.

A motion to suspend the rules for the purpose of taking up the River and Harbor bill was lost, yeas 160, nays 86; not two-thirds.

At the meeting of the Ways and Means Committee, February 8, Mr. Tucker (Virginia) presented a bill to repeal the stamp tax on exports of tobacco, and was instructed to report it favorably. Mr. Carlisle (Ky.), as instructed by the Committee at its last meeting, presented a bill to repeal the internal revenue tax on matches, proprietary medicines, perfumery, bank checks and bank deposits. Mr. Kelley (Pa.) moved to strike out bank deposits. This motion was lost—5 to 5. Ayes—Phelps, Morrison, Mills, Felton and Kelley. Noes—Tucker, Carlisle, Dunnell, Frye and McKinley. Mr. Mills (Texas) then moved to add salt to the free list. This motion was also lost, 5 to 5. Ayes—Tucker, Morrison, Mills, Carlisle and Felton. Noes—Frye, Phelps, Kelley, Dunnell and McKinley. By a vote of 7 to 2, Mr. Carlisle was then instructed to report the bill favorably to the House. Ayes—Tucker, Carlisle, Felton, Kelley, Frye, Dunnell, McKinley. Noes—Mills and Phelps; Mr. Morrison not voting.

At a meeting of the Ways and Means Committee, February 10, Mr. Kelley proposed the following resolution, which the Committee authorized him to report to the House:

“Resolved, That the Philadelphia and Reading Railroad Company is hereby released from the payment of the taxes assessed by the Commissioner of In-

ternal Revenue upon the interest-bearing promissory notes heretofore issued by it to its employes, commonly known as wages certificates, provided that the said company shall pay the actual costs and expenses incurred in the proceedings taken to enforce the payment of the said taxes."

The funding bill was taken up in the Senate Feb. 12, and debated from day to day until the 18th, when it was finally passed—yeas 43, nays 20, nearly in the shape in which it came from the House. [See editorial article upon *Refunding*.]

In the Senate, Feb. 21st, Mr. Bayard reported from the Finance Committee, with a substitute therefor, the Senate bill (introduced Dec. 21st by Mr. Beck) to repeal all laws that impose taxes upon the capital of and deposits with banks and bankers, and upon bank checks. The bill was considered, on motion of Mr. Bayard, who said that the substitute reported by the committee provides simply for the repeal of the tax on bank deposits. The substitute was read and agreed to, and the bill as thus amended passed, the title being changed accordingly.

Mr. Wallace reported from the Finance Committee adversely the Senate bill to authorize the issue and provide for the redemption of fractional notes.

In the House, Mr. Warner, of Ohio, introduced a bill to create a Board of Fiscal Inspectors, to watch over the collections and expenditures of the public treasure. It provides for the appointment by the President of a Board of Fiscal Inspectors, to consist of three members, no more than two of whom shall be taken from the same political party, who shall hold office during life or good behavior, and who, having held the office of Fiscal Inspector, shall be ineligible to any other office of profit under the United States Government. No one under forty years of age, or over fifty-five, shall be appointed a member of said Board, and any member shall be entitled to be retired at the age of seventy, on full pay.

A TAX DISPUTE.—The Tax Commissioners of New York City some time since taxed the stock of the Edison Electric Light Company to the extent of \$1,520,000. A protest was entered by the company on the ground that the capital stock was nominally only worth \$300,000, divided up into 3,000 shares; that \$50,000 worth of stock had been sold, and the remainder issued for patent rights, inventions, etc. Upon this showing the Tax Commissioners reduced the taxation to \$300,000, but the company was still dissatisfied, and sued out a writ of certiorari to which a return was made by the Tax Commissioners embodying all the facts.

INTEREST PAYABLE TO MINORS.—The following synopsis of the decision of the First Comptroller of the Treasury, of February 4, 1881, respecting the payment of interest on United States registered bonds, inscribed in the names of minors, is published for the information and guidance of the officers of this Department:

1. When Government bonds are registered in the names of infants, interest checks, issued in payment of interest thereon, will be delivered and paid only to the proper guardian of such infants when the Secretary of the Treasury has been notified of such infancy.

2. Neither the father nor mother of an infant has the right, as a general rule, to indorse or collect such interest checks.

3. The guardian of an infant, in order to indorse and collect interest checks in favor of his ward, is required to file with the First Auditor evidence (1) of guardianship, (2) of his authority being in force, and (3) of the identity of his ward as the payee of the bonds.

4. The Government is not liable to refund to any infant on his arriving at the age of majority, money paid to him on his indorsement of interest checks during minority, when the Secretary of the Treasury had not been notified of the fact of infancy.

BANKING AND FINANCIAL ITEMS.

CALL FOR BONDS.—On Feb. 21, Secretary Sherman issued the 101st call for bonds for the Sinking Fund. The bonds named are the five per cents. of the bonded loan of 1881, the principal and accrued interest will be paid at Washington on and after May 21, and the interest will cease on that day. The bonds called are as follows, all numbers inclusive: Coupon bonds—Fifty dollars, No. 27,001 to No. 28,115; \$100, No. 36,001 to No. 39,961; \$500, No. 49,001 to No. 54,768; \$1,000, No. 293,801 to No. 316,855. Total coupon, \$8,337,300. Registered bonds—Fifty dollars, No. 2,744 to No. 2,778; \$100, No. 17,175 to No. 17,361; \$500, No. 9,049 to No. 9,141; \$1,000, No. 32,732 to No. 33,086; \$5,000, No. 13,461 to No. 13,620; \$10,000, No. 30,654 to No. 31,350; \$20,000, No. 1,614 to No. 1,658; \$50,000, No. 3,031 to No. 3,217. Total registered, \$16,662,700. Aggregate, \$25,000,000.

NEW YORK.—The United States National Bank was organized in this city on February 14th. The following gentlemen were elected directors: General U. S. Grant, H. Victor Newcomb, ex-President of the Louisville and Nashville Railroad; H. F. Vail, President of the National Bank of Commerce; Morris K. Jesup, Henry B. Hyde, President of the Equitable Life Insurance Company; Logan C. Murray, late President of the Kentucky National Bank; William R. Travers and John J. McCook. The new bank expects to commence business by March 1. H. Victor Newcomb was elected President, and Logan C. Murray, Cashier.

A BANKRUPT LAW.—At a meeting of the New York Chamber of Commerce, February 3, D. C. Robbins and W. H. Robbins, of the Committee on Bankruptcy Laws, made a report which concluded by proposing the following resolution: "That the proposed Lowell bill for the establishment of a uniform system of bankruptcy throughout the United States, should be amended by adding to sections 82, 83, 84 and 85, in regard to the discharge of the bankrupt, the discretionary provisions of the recent British Bankruptcy Law Amendment bill as follows:

Provided always: That on any application for discharge, the Court may, instead of granting an absolute order of discharge, refuse the same, or may suspend the same from taking effect, for such time as the Court may think fit, or may grant an order of discharge, subject to any condition touching any earnings or income which may afterwards become due to the bankrupt, and touching his after acquired property, on proof of any of the following facts:

"That the creditors of the bankrupt, under the bankruptcy, have not received and are not likely to receive a dividend amounting to fifty cents on the dollar, and that the insufficiency of his estate to pay such dividend has not been caused through any negligence or fraud of the trustee.

"That the bankrupt, being a trader, has not, during the three years preceding the date of the filing of the petition in his bankruptcy, kept such books or accounts as are usually kept by persons in the like business, or as contain a reasonably sufficient record of his transactions during such three years, or has greatly increased his liabilities by carrying on trade at a loss while insolvent, or has contracted any debts provable under the bankruptcy petition, without having, at the time of contracting the same, any reasonable or probable ground of expectation of being able to pay the same.

"That the bankrupt (whether he be a trader or not) has brought on his bankruptcy by rash and hazardous speculations or unjustifiable extravagance in living, or has put any of his creditors to unnecessary expense by frivolous vexatious defence to any action to recover any debt or money due from him, or has committed any act by statute made a misdemeanor in case of bankruptcy and has not been prosecuted for the same."

TAX ON CAPITAL RECOVERED BACK.—Judge Shipman, in the United States Circuit Court, handed down, on February 3, a decision in the suit of the New York Guaranty and Indemnity Company against Marshall B. Blake, collector of internal revenue. The complainant's claim was for taxes and dues paid by them to defendant, who collected them on the ground that the company was subject to a tax of one-twenty-fourth of one per cent. a month as a bank or corporation engaged in banking. Judge Shipman held that only so much of the actual capital of a company as is engaged in the business of banking is liable to one twenty-fourth of one per cent. tax, and ordered a judgment of \$24,564.74 for the company.

REDEMPTION OF BURNED NOTES AND COUPONS.—The American Express Company, which had several safes in the fire at the recent railroad disaster at Tioga Center, N. Y., sent the safes to the Treasury Department, where they were opened. A force of experts from the redemption division of the Treasurer's office was set to work picking out and identifying their contents. The coin, which was melted in all manner of shapes, will go to the mint as bullion. The burnt legal-tender notes were separated by the aid of sharp, thin knives.

The notes were a black mass with slight crevices on the sides, showing the separation of note from note. The scaly and brittle remains were separated with great care. The experts, by examination, were enabled to identify the notes, together with their respective numbers. They will be replaced to the company by new notes. The work on the legal tenders is not yet over. One young lady is busy on the coupons, and has identified a number of four-per-cent. coupons representing \$500 each, and four-and-a-half per cent. coupons representing \$11.75 each. These will also be redeemed. The bank notes, when identified, will be redeemed. Such is the expertness with which apparently nothing but black brittle masses are handled that probably every note, coupon and bond that was burned will be separated and identified.

MISSOURI.—The Missouri House of Representatives referred to its Committee on Judiciary a resolution of the House instructing them to report upon the constitutionality of the issue of "non-taxable State bonds," and the committee has reported that such an issue would be in violation of the following paragraph of the constitution of the State: "All laws exempting property from taxation, other than the property above enumerated, shall be void." The list of property which might be exempted does not contain bonds of any kind.

KANSAS CITY.—The Missouri Valley Bank has suspended. The officers declare it only temporary, and state that it was caused by an unexpected run on the deposits, in consequence of the bank's check for \$5,000 having been protested. The liabilities are reported to be \$280,000, and nominal assets \$355,000. The bank was organized in 1873, with a capital of \$75,000, which was increased to \$100,000 in 1879.

NEW JERSEY.—The Morristown Savings Institution decided in January to close up its affairs, and the Chancellor has authorized such action. The assets are sufficient to pay depositors and leave a surplus. All deposits received after January 1 are to be returned in full, with interest at four per cent. The bank began to pay fifty per cent. on February 15, and will pay the balance as soon as possible, and distribute the net surplus among the depositors. The deposits amount to \$350,000. The bank has been in operation fourteen years, and has about 1,700 depositors.

WOMEN have been employed as clerks in the Stockholm Enskilda Bank, Stockholm, Sweden, for sixteen years, and A. O. Wallenberg, a director, writes: "Since the 4th of July, 1864, sixteen young ladies have been engaged in the bank. Of these there are still in the service of the bank eight; married and left, five; advanced to more remunerative positions in other institutions, two; dismissed for inaptitude, one. Of those remaining, three are cashiers on their own responsibility, one is assistant to the keeper of the head ledger, and four hold inferior positions."

NEW YORK.—The property, real and personal, held by the charitable institutions of the State of New York has a value of \$35,000,000; of which \$6,900,000 is in State institutions; \$6,200,000 is held by cities and counties, and \$21,000,000 by incorporated associations. The total expenditure on these institutions, last year, was \$8,000,000; the total number of inmates, 44,700.

NEW YORK.—The National Bank of Adams, of which Gen. S. D. Hungerford was president, has gone into liquidation. The capital had been reduced at different times from \$125,000 to \$80,000. The bank was examined about three weeks ago, and a deficiency of \$12,000 made to appear. It is said there will be no loss except to the stockholders. Gen. Hungerford expects to do a private banking business at Adams hereafter.

NORTH CAROLINA FINANCES.—The *Raleigh News* says: The operations under the Compromise Act have been as follows:

Bonds redeemed at 40 per cent.....	\$3,579,500
Bonds redeemed at 25 per cent.....	1,962,045
Bonds redeemed at 15 per cent.....	1,928,700

Total..... \$7,470,245

In substitution of the above there have been issued \$2,211,616 of new bonds. Of the class redeemable at forty per cent., there are still outstanding \$1,997,900; of the thirty-per-cent. class there are outstanding \$1,299,000, and of the fifteen-per-cent. class \$1,959,900. Should these all be funded, the debt will amount to about \$3,900,000. The interest on the new consolidated fours is \$88,464, the January half of which has been paid. When the operation of funding shall be completed, the entire interest will be \$156,000.

CANADA.—The *Toronto Monetary Times*, of January 28, says: "There is such a plethora of money in the Province of Quebec that the Savings banks cannot find investment for their money at lowest rates. The Caisse d'Economie de Notre Dame has been obliged to refuse acceptance of any further deposits in large sums; but still accepts small deposits on which three per cent. is allowed. A wholesale dry goods merchant has informed us that one of his best customers entered his office lately, and stated that he had been endeavoring for some time to place in some safe investment \$6,000 he did not require in his business, but could not find any borrowers, and asked him, as a favor, to take the money for six months and allow him anything he liked. To oblige his customer, the merchant accepted the loan for six months at four per cent."

The revenue of the Dominion of Canada for January was \$2,365,414—an increase of \$600,993 over January, 1880. The total revenue for the seven months ending January 31 was \$16,444,951—an increase of \$4,129,139 over the same seven months of the last fiscal year.

The Secretary of the Canadian Department of Agriculture reports, that of 85,855 immigrants arriving in Canada during last year, 47,320 passed through into the United States.

CANADIAN LIVE-STOCK EXPORT.—The export cattle trade from Canada to Great Britain, whether by way of the St. Lawrence, and the ports of Montreal and Quebec, or from Halifax, is growing year by year. There were shipped in 1880 50,817 cattle, 81,457 sheep, 700 hogs and 49 horses; the export value being \$4,738,700. Of the above, 5,507 cattle and 2,392 sheep were shipped at Halifax. During the summer and fall several shipments of cattle and sheep grown in Nova Scotia and New Brunswick, also some 2,500 sheep from Prince Edward Island, were brought over the Intercolonial railway to Quebec, and there embarked.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from February No., page 662.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
CAL....	First National Bank, Santa Barbara	W. W. Hollister, <i>Pr</i> M. Sawyer, <i>V. P.</i>	W. W. Hollister.
COL....	City National Bank, Denver..	William Barth, <i>Pr</i> J. F. Brown, <i>V. P.</i> C. C. Howell, <i>Pr</i>	J. S. Brown. W. Barth. J. W. Faxon.
" ..	City Bank, Leadville	James Streeter, <i>V. P.</i> J. H. Plater, <i>Cas.</i> S. M. Strickler, <i>A. C.</i>.....	..... J. Kerr.
CONN..	National Tradesmen's Bank, New Haven	William T. Fields, <i>A. C.</i> .....	.....
" ..	First National Bank, Portland	William W. Coe, <i>Pr</i> Erastus Brainerd, <i>V. P.</i> ...	F. Gildersleeve. W. W. Coe.
GA.....	Southern Bank, Savannah....	John Flannery, <i>Pr</i> Horace A. Crane, <i>V. P.</i> ... James Sullivan, <i>Cas. pro tem.</i>	E. Kelly. J. McMahon.* H. A. Crane.
ILL....	Commercial National Bank, Chicago	George L. Otis, <i>V. P.</i> F. S. Eames, <i>Cas.</i>	W. H. Terry.* G. L. Otis.
" ..	Nat'l Bank of Illinois, "	William A. Hammond, <i>Cas.</i>	H. H. Nash.
" ..	Union Stock Yard National Bank, Chicago	John H. Vermilye, <i>Pr</i>....	.....
" ..	First National Bank, Aurora.	E. A. Bradley, <i>V. P.</i> E. B. Mix, <i>Cas.</i> D. Volintine, <i>Pr</i>	W. H. Hawkins.* A. Bradley. A. George.
" ..	Second National Bank, "	A. George, <i>V. P.</i> W. C. Estee, <i>A. C.</i>.....	.....
" ..	Second National B'k, Freeport	John B. Taylor, <i>Cas.</i> James T. McKnight, <i>V. P.</i> ...	J. Krohn, <i>Acting.</i> O. T. Johnson.
" ..	Second National Bank, Galesburg	James H. Losey, <i>Acting Cas.</i> .....	.....
" ..	Union National Bank, Macomb	W. S. Bailey, <i>Pr</i> I. N. Pearson, <i>Cas.</i>	W. E. Odell. L. Holland.
" ..	Mattoon Nat'l Bank, Mattoon..	Lewis L. Lehman, <i>Pr</i>	J. Richmand.
" ..	Nokomis Nat'l Bank, Nokomis.	Alf. Griffin, <i>Cas.</i> G. A. Sanford, <i>Pr</i> R. P. Lane, <i>V. P.</i> George E. King, <i>Cas.</i>	B. F. Culp. R. P. Lane. R. Emerson. G. A. Sanford.
" ..	Second National Bank, Rockford	C. C. Jones, <i>A. C.</i> George Little, <i>Pr</i>	G. E. King. W. H. Ray.
" ..	First National Bank, Rushville.	George Little, <i>Pr</i>	W. H. Ray.
IND....	First Nat'l Bank, Centreville....	Jesse Cates, <i>Pr</i>	J. Forkner.
" ..	First Nat'l Bank, Thorntown....	Joshua Moffitt, <i>Pr</i> C. S. Hardy, <i>Pr</i> J. S. Johnson, <i>V. P.</i> J. F. Rubey, <i>Cas.</i>	J. Niven. J. S. Johnson. C. S. Hardy.
" ..	Commercial Bank, Union City	H. D. Grahs, <i>A. C.</i>	J. F. Rubey.
IOWA..	First National Bank, Grinnell	J. P. Lyman, <i>Pr</i> Charles F. Crane, <i>V. P.</i> ... O. McMahan, <i>Pr</i>	A. Steele. J. P. Lyman. J. P. Gage.
" ..	First National Bank, Lyons..	James P. Gage, <i>V. P.</i> James P. Gage, <i>V. P.</i>	O. McMahan. O. McMahan.
" ..	First Nat'l Bank, Marshalltown.	J. P. Woodbury, <i>V. P.</i> ... J. P. Brush, <i>Pr</i>	T. J. Woodbury. J. H. Brush.
" ..	Osage National Bank, Osage.	Avery Brush, <i>Cas.</i>	J. P. Brush.
" ..	Citizens' Nat'l Bank, Winterset.	W. P. Potter, <i>A. C.</i>.....	.....

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
KY.....	National Exchange Bank, Lexington	J. B. Wilgus, <i>Pr.</i>	J. P. Metcalf.
		J. W. Berkley, <i>V. P.</i>.....	.....
	" .. Mt. Sterling National Bank....	W. Bright, <i>Cas.</i>	J. B. Wilgus.
	" .. First Nat'l Bank, Paducah.....	Frank Gilmore, <i>A. C.</i>	W. Bright.
	" .. Logan Co. N. B., Russellville..	William Stofer, <i>Pr.</i>	B. F. Cockrell.
LA.....	Hibernia N. B., New Orleans..	T. A. Baker, <i>Cas.</i>	S. P. Cope.
		William F. Browder, <i>V. P.</i>.....	.....
MASS...	First National Bank, Boston...	John G. Devereux, <i>V. P.</i>.....	.....
	" .. Nat'l B'k of Commonwealth, Boston	S. D. Warren, <i>Pr. pro tem.</i>	A. T. Lowe.
	" .. First National Bank, Grafton..	W. A. Tower, <i>Pr.</i>	E. C. Sherman.*
	" .. Cape Cod Nat'l Bank, Harwich..	Luke F. Allen, <i>Pr.</i>	G. F. Slocumb.*
	" .. Oxford National Bank, Oxford..	Isaac H. Loveland, <i>Pr.</i> ...	P. S. Crowell.
	" .. Chapin Nat'l Bank, Springfield.	A. L. Joslin, <i>Pr.</i>	S. C. Paine.
	" .. Bristol Co. Nat'l B'k, Taunton.	William K. Baker, <i>Pr.</i> ...	J. A. Rumrill.
	" .. Bristol Co. Sav. Bank, "	Seth L. Cushman, <i>Cas.</i> ...	A. C. Place.
	" .. First Nat'l Bank, Charlotte....	A. C. Place, <i>Tr.</i>	C. H. Atwood.
	MICH...	First Nat'l Bank, Flint..	E. Hayden, <i>Pr.</i>
" .. Citizens' National Bank, Flint..		R. J. Whaley, <i>Pr.</i>	A. McFarlan.
" .. Second National Bank, Hillsdale		C. T. Mitchell, <i>Pr.</i>	E. L. Koon.
" .. First Nat'l Bank, Marquette....		E. L. Koon, <i>V. P.</i>.....	.....
" .. Bowne & Combs, Middleville..		C. H. Call, <i>Cas.</i>	H. E. Pearse.
MINN...	Pipestone Co. B'k, Pipestone..	Jennie Combs, <i>Cas.</i>.....	.....
		Riley French, <i>Cas.</i>	J. E. Craig.
	" .. First National Bank, Rochester	Frances S. Cook, <i>Pr. Widow</i>	of J. R. Cook.
	" .. Second National Bank, St. Paul.	John R. Cook, <i>V. P., Son</i>	of J. R. Cook.
	" .. First National Bank, Winona	H. R. Lyon, <i>Cas.</i>	T. K. Alexander.
MISS....	Okolona Savings Institution, Okolona	C. H. Porter, <i>V. P.</i>.....	.....
		E. D. Hulbert, <i>Cas.</i>	C. H. Porter.
	" .. Okolona Savings Institution, Okolona	Amzi Babbitt, <i>Pr.</i>	J. F. McIntosh.
	" .. B'k of Brookfield, Brookfield..	T. L. Bramlitt, <i>Cas.</i>	A. Babbitt.
	" .. First National Bank, Clinton...	A. D. Scott, <i>Pr.</i>	J. W. Aldrich.
MO.....	B'k of Brookfield, Brookfield..	L. T. Ross, <i>V. P.</i>	A. D. Scott.
		John Ford, <i>Cas.</i>	R. C. Lockwood.
	" .. First National Bank, Clinton...	William M. Doyle, <i>Cas.</i> ...	W. D. Tyler.
	" .. Bank of Kansas City.....	E. K. Thornton, <i>Cas.</i> ...	I. M. Smith.*
	" .. Indian Head Nat'l B'k, Nashua..	B. A. Kimball, <i>Pr.</i>	J. Minot.
N. H....	Mechanics' Nat'l B'k, Concord.	Peter Upton, <i>Pr.</i>	B. Cutter.
		H. D. Upton, <i>Cas.</i>	P. Upton.
	" .. Monadnock National Bank, East Jaffrey	E. Spaulding, <i>Pr.</i>	C. B. Hill.
	" .. Indian Head Nat'l B'k, Nashua..	William B. Goodspeed, <i>Cas.</i>	.....
	" .. Burlington Co. Nat'l Bank, Medford	F. C. Doughten, <i>Pr.</i>.....	.....
N. J....	First National Bank, Paterson	James Jackson, <i>Pr.</i>	B. Buckley.
		James W. Row, <i>Cas.</i>	J. Jackson.
	" .. Second National Bank, Paterson	W. S. Stryker, <i>Pr. pro tem.</i>	P. Dickinson.
	" .. Trenton Banking Co., Trenton	D. Guernsey, <i>Pr.</i>	A. W. Palmer.
	" .. First National Bank, Amenia. }	George H. Swift, <i>V. P.</i> ...	D. Guernsey.
N. Y....	First National Bank, Amenia. }	W. E. Hughitt, <i>Pr.</i>	C. T. Backus.
		Samuel M. Meeker, <i>Pr.</i> ...	G. Ricard.*
	" .. Williamsburgh Sav. Bank, Brooklyn	J. Thompson, <i>Cas.</i>	J. W. McCarty.
	" .. First National Bank, Candor...	W. P. Stevens, <i>V. P.</i>	S. H. Morgan.
	" .. First National Bank, Cuba....	H. C. Morgan, <i>Cas.</i>	M. W. Potter.
	" .. Dundee Nat'l Bank, Dundee..	George S. Sheppard, <i>Cas.</i>	F. R. Durry.
	" .. Dundee Nat'l Bank, Dundee..	G. S. Shattuck, <i>A. C.</i>.....	.....
	" .. Citizens' Nat'l Bank, Fulton..	George M. Case, <i>Pr.</i>	T. W. Chesebro.
	" .. Citizens' Nat'l Bank, Fulton..	Jonathan H. Case, <i>V. P.</i>	S. F. Case.
	" .. Nat'l Hamilton B'k, Hamilton..	Solon F. Case, <i>Cas.</i>	G. M. Case.
" .. First National Bank, Hobart...	First National Bank, Hobart...	W. M. West, <i>A. C.</i>.....	.....
		Allen D. Rowe, <i>Cas.</i>	M. H. Kerr.
	" .. Tompkins Co. N. B., Ithaca...	H. L. Hinckley, <i>Cas.</i> ...	P. J. Partenheimer.
	" .. Yates Co. Nat'l B'k, Penn Yan }	Morris F. Sheppard, <i>Pr.</i> ...	A. Oliver.
	" .. Yates Co. Nat'l B'k, Penn Yan }	Oliver H. Stark, <i>Cas.</i> ...	F. R. Durry.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y....	First Nat'l Bank, Salamanca.	H. O. Wait, <i>Pr</i>	E. H. Space.
		J. P. Colgrove, <i>V. P.</i>	H. O. Wait.
N. C....	Commercial N. B'k, Charlotte.	Frank Coxe, <i>Pr</i>	C. Dowd.
OHIO...	Farmers & Mech. N. B., Cadiz.	Charles M. Hogg, <i>Pr</i>	W. Beadle.
	Harrison Nat'l Bank, Cadiz....	D. Cunningham, <i>Pr</i>	C. P. Dewey.
	Farmers' Nat'l Bank, Franklin.	L. Miltenberger, <i>Pr</i>	J. S. Stoutenborough
	First Nat'l Bank, Green Spring.	Lester W. Roys, <i>Pr</i>	J. W. Cummings.
	Second Nat'l Bank, Hamilton..	C. E. Heiser, <i>Cas.</i>	H. Waltner.
	Citizens' National Bank,	C. M. Overman, <i>Pr</i>.....	.....
	Hillsborough }	O. S. Price, <i>Cas.</i>	C. M. Overman.
	Lebanon Nat'l Bank, Lebanon.	Thomas Hardy, <i>A. C.</i>....	.....
	First Nat'l Bank, Oberlin.....	Charles H. Randall, <i>Cas.</i>	.....
	Lagonda Nat'l B'k, Springfield.	John Howell, <i>Pr</i>.....	.....
PENN...	Third Nat'l Bank, Philadelphia.	Percy M. Lewis, <i>Cas.</i>	B. F. Godfrey.
	First Nat'l Bank, Danville....	Thomas Beaver, <i>Pr</i>	C. Laubach.
	First Nat'l Bank, Hanover....	Henry M. Schmuck, <i>Pr</i> ..	J. P. Smith.
	First Nat'l Bank, Kittanning...	James Mosgrove, <i>Pr</i>.....	.....
	Government National Bank,	Henry H. Huntzinger, <i>Pr</i>.	.....
	Pottsville }	John F. Zerbey, <i>Cas.</i>	H. H. Huntzinger.
	Wyoming N. B., Tunkhannock.	F. W. Dewitt, <i>Cas.</i>	D. D. Dewitt.
	Anthracite Savings Bank,	Benjamin Reynolds, <i>Cas.</i>	.....
	Wilkes-Barre }		
R. I....	Providence N. B., Providence..	William Goddard, <i>Pr</i>....	.....
	National Eagle Bank, Bristol. }	Samuel B. Colt, <i>Pr</i>	J. B. Munro.*
		Stephen T. Church, <i>V. P.</i> ...	S. B. Colt.
S. C....	Carolina Nat. B'k, Columbia. }	William A. Clark, <i>Pr</i> ...	C. Bouknight.
		John S. Wiley, <i>V. P.</i>....	.....
TENN..	First National Bank, Jackson..	John L. Wisdom, <i>Pr</i>	W. K. Walsh.*
	Fourth Nat'l Bank, Nashville...	W. M. McCarthy, <i>Cas.</i>	T. Plater.
TEXAS..	City Nat'l Bank, Dallas..... }	J. C. O'Connor, <i>Pr</i>	A. F. Hardie.
		C. C. Slaughter, <i>V. P.</i>....	.....
		E. J. Gannon, <i>Cas.</i>	G. W. Mahoney.
UTAH...	London Bank, Salt Lake City..	Anthony Godbe, <i>Mgr</i>	Retires.
VT.....	Nat'l Bank of Barre, Barre.. }	L. F. Aldrich, <i>Pr</i>.....	.....
		B. W. Braley, <i>V. P.</i>....	.....
	Brandon Nat'l Bank, Brandon.	E. D. Thayer, <i>Pr</i>	C. Jennings.
VA.....	Loudoun Nat'l B'k, Leesburg..	Walter J. Harrison, <i>Pr</i> ..	H. T. Harrison.
W. T...	First Nat'l Bank, Walla Walla.	A. H. Reynolds, <i>V. P.</i>	D. P. Thompson.

*Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from February No., page 663.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
CAL....	Red Bluff.....	Herbert Kraft.....	.....
ILL....	Chandlerville...	Petefish, Skiles & Mertz....	Kountze Brothers.
	Marseilles.....	Jackson & Co.....	Traders' Bank, Chicago.
MICH..	Ionia.....	Webber, Just & Co.....	Ninth National Bank.
NEB....	Plattsmouth....	Bank of Cass County.....	Kountze Brothers.
		John Black, <i>Pr</i> ..	Edgar M. Yates, <i>Cas.</i>
PENN..	Canton.....	First National Bank.....	Continental National Bank.
	\$50,000	Adam Innes, <i>Pr</i> ..	George A. Guernsey, <i>Cas.</i>
TEXAS..	Denison.....	Rohrbough, Moore & Co..	Kountze Brothers,
VA.....	Lynchburgh....	National Exchange Bank..	Kountze Brothers'
	\$95,500	James Franklin, <i>Pr</i> ..	Camillus Christian, <i>Cas.</i>

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from February No., page 665.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2505	First National Bank..... Canton, PENN.	Adam Innes..... George A. Guernsey.	\$ 50,000	\$ 50,000
2506	National Exchange Bank... Lynchburgh, VA.	James Franklin..... Camillus Christian.	100,000	95,500

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from February No., page 664.)

NEW YORK CITY.....	S. M. Mills & Co. ; dissolved.
ILL.... Chandlerville...	H. T. Chandler & Co. ; suc. by Petefish, Skiles & Mertz.
" .. Kewanee	Peoples' Bank (D. L. Wiley & Son) ; now Union National Bank. Same Cashier and New York Correspondent.
IND Anderson.....	Exchange Bank ; William Crim sold out. Now H. J. Daniels, Pr. Joseph Fulton, Cas.
IOWA... Ames.....	W. D. Lucas ; sold out.
" .. Dubuque.....	Dubuque County Bank ; surplus fund \$6,000.
" .. Storm Lake.....	John R. Lemon & Co. ; now John R. Lemon.
KANSAS. Clyde.....	Farmers' Bank and Bank of Clyde ; consolidated as Bank of Clyde. M. V. B. Van De Mark, Pr. C. W. Van De Mark, Cas.
KY..... Versailles.....	Bank of J. Amsden & Co. ; surplus fund \$ 15,499.
MICH... Saginaw.....	Citizens' National Bank ; paid capital \$ 100,000.
MINN... Minneapolis....	Merchants' National Bank ; in liquidation.
MO.... St. Louis.....	Bartholow, Lewis & Co. ; now Laclede B'k. Same officers.
" .. Greenfield.....	Jacobs & Van Osdel ; now R. S. Jacobs & Son.
" .. Kansas City.....	Missouri Valley Bank ; closed.
" .. Nevada.....	Paul F. Thornton & Co. ; now Thornton Banking Co. Same New York Correspondent.
MONT.. Dillon	Sebree, Ferris & Holt ; now Sebree, Ferris & White.
N. J.... Morristown....	Morristown Institution for Savings ; closing.
" .. Vineland.....	Vineland National Bank ; in liquidation.
N. Y.... Adams.....	Hungerford National Bank ; in liquidation. Succeeded by Hungerford's Bank of Adams.
PENN... Canton.....	B'k of Canton ; now First Nat'l B'k. G. A. Guernsey, Cas.
TEXAS.. Calvert.....	J. S. McLendon & Co. ; admit J. A. Foster.
" .. Houston.....	National Exchange Bank ; closing.
" .. San Antonio....	Bennett, Thornton & Lockwood ; now Thornton & Lockwood.
VA..... Lynchburgh....	Miller & Franklin ; now National Exchange Bank. James Franklin, Pr.
ONT.... Blenheim	Jackson, Fuller & Co. ; now Jackson & Robinson.

NOTES ON THE MONEY MARKET.

NEW YORK, FEBRUARY 23, 1881.

Exchange on London at sixty days' sight, 4.83¼.

Frequent indications of disquietude have been developed in financial circles of late by the discussions at Washington upon the Funding bill, which, in its present shape, seems likely to produce fundamental changes in our banking system if it becomes a law without some new safeguards provided by additional legislation. Inasmuch as it compels the National banks to submit to a loss of interest on the bonds they deposit as security for their circulation, its obvious effect will be to diminish the force of those motives which induce the banks to avail themselves of their note-issuing privileges. A sudden contraction of the volume of the bank-note currency has been predicted from this cause, and already \$9,123,950 have been deposited to retire National bank circulation since the passage of the bill. From the West as well as from other sections of the country, the advices show that the National banks are preparing to give up their circulation, and some of our prominent bankers predict that after the surrender of the note issues the retirement of a large class of banks from the National banking system will not long be delayed. These and other considerations have prompted the more conservative statesmen of both parties at Washington to devise additional legislative measures to meet the emergency. One of these is the Carlisle bill (H. R. 7208), which was introduced February 19th, and was favorably reported by the Committee of Ways and Means. It repeals the tax on bank checks, bank deposits and some other taxables, and this relief to the banking business is supported by numerous petitions presented through the American Bankers' Association, the National Board of Trade, the Legislatures of Connecticut and other States, and the Chambers of Commerce of Milwaukee, St. Louis and many western cities. A similar bill has been passed by the Senate, February 22, which repeals the bank-deposit tax but not the check-stamp tax or the tax on bank capital. If the seven thousand bills which are on the Congressional calendar did not interpose an almost insuperable obstacle to the reaching of this important legislation by the House of Representatives, it could undoubtedly command a large vote, and it would probably become a law this session.

Whether such a remedial measure would counteract and fully remove the financial and banking perturbation threatened by the Funding bill, is doubted in many quarters. The banks, indeed, have been blamed for the steps they are taking and the further movements which have been contemplated, to avert from themselves and their stockholders some of the evils which seem to be the inevitable result of the new bill as passed by the Senate. The critics

fail to recognize the obvious fact that the banks are merely fulfilling a duty which they owe to themselves and to the public, in protecting their own solvency and preventing loss to their stockholders from the operation of a law which renders unprofitable one branch of the business in which the banks have been induced to engage under legislative guarantees which are now being modified or withdrawn. Several considerations, however, may be urged to show that the issue of bank notes may still be found much more desirable and profitable than is believed, and that the banks will soon be reconciled to the new state of things, and will not surrender their circulation or renounce their connection with the National banking system, except very slowly, and after a full and fair trial. However this may be, there is at present a widespread agitation which is disturbing the monetary movements of the country, and the effects of which will probably not very soon subside.

The loan market responded to-day to this agitation, and a sharp advance in rates was developed. Call loans rose from six per cent. to three-eighths per cent. and interest, with every prospect of an active and spasmodic series of monetary changes in the early future. The Clearing-house exchanges have been very large of late, and those of yesterday amounted to \$219,163,289, and the balances to \$10,177,184. The activity in general business and the heavy transactions at the Stock Exchange which are thus indicated throw a pressure upon the banking machinery which, in its present perturbed and sensitive condition, can scarcely fail to enhance the perils and difficulties of the financial situation. The next Clearing-house statements will be looked for with considerable anxiety. Subjoined are those of the New York Clearing house for a series of weeks past :

1881.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
Jan. 29.....	\$ 310,682,200	.. \$ 66,264,100	.. \$ 17,287,900	.. \$ 18,330,700	.. \$ 302,512,300	.. \$ 7,923,925
Feb. 5.....	316,092,900	.. 67,603,700	.. 15,997,500	.. 18,363,300	.. 307,097,300	.. 6,826,900
" 12.....	317,139,100	.. 67,800,600	.. 15,546,000	.. 18,352,300	.. 307,924,300	.. 6,365,525
" 19.....	320,807,300	.. 65,849,600	.. 14,887,200	.. 18,259,500	.. 307,718,100	.. 3,807,275

The Boston bank statement for the past four weeks is as follows :

1881.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Jan. 29.....	\$ 152,018,200	.. \$ 7,741,400	.. \$ 3,809,000	.. \$ 97,562,100	.. \$ 30,727,500
Feb. 5.....	151,919,800	.. 7,848,100	.. 3,399,800	.. 97,418,700	.. 30,563,700
" 12.....	152,104,500	.. 7,776,000	.. 2,835,100	.. 97,127,100	.. 31,197,200
" 19.....	152,499,800	.. 7,267,700	.. 1,562,000	.. 97,219,100	.. 30,795,700

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

1881.	Loans.	Reserves.	Deposits.	Circulation.
Jan. 31.....	\$ 73,167,879	.. \$ 20,245,756	.. \$ 65,273,525	.. \$ 12,122,237
Feb. 7.....	74,409,273	.. 20,346,524	.. 65,868,364	.. 12,136,113
" 14.....	74,937,164	.. 20,631,467	.. 67,436,318	.. 12,159,749
" 21.....	75,355,210	.. 20,499,957	.. 67,384,557	.. 12,099,714

The stock market has just begun the reaction, which has for some time been predicted by those thoughtful speculators and capitalists who disbelieved in the permanence and solidity of the enormous expansion of values, which the records of the stock exchange have exhibited of late. Still, a wide disparity prevails between the conflicting theories which are most popular in Wall street. The majority of our brokers and operators seem to accept the theory that since the resumption of specie payments the country has been growing rich, and a number of economic forces have risen into prominence which have not yet spent

their activity or exhausted their power. By these forces the industrial wealth of the country has been so rapidly augmented that the railroads and other productive works, whose shares and bonds are dealt in at the Stock Exchange, have enhanced their earning power from twenty-five to fifty per cent. beyond the highest level of a few years ago, and that this broader and more liberal rate of earnings justifies a proportionate increase in the selling price of those securities among which these earnings have to be divided. Opposed to this view is the theory of those economists and capitalists who argue that the recent advance in all descriptions of securities is speculative and full of danger, because it rests upon an inflation of values, and assumes a rate of growth in the great productive forces of the country which transcends all accurate estimates, and goes far beyond the present facts, though it may be verified and realized in future years of progress. Which of these two theories is the most consistent with the truth we do not need to inquire. What is more to the purpose is to point out the contending theories and to watch, in the fluctuations of the stock exchange, the varied fortunes of the opposing hosts whose contests are seen in the spasmodic movements which advance or depress the quotations. Government bonds are lower and the feverish condition of the market is seen in a greater disposition to sell than has appeared for some time. Sixes of 1881 close at $101\frac{1}{4}$ to $101\frac{1}{2}$; fives of 1881 at $100\frac{1}{4}$ to $100\frac{1}{2}$; fours of 1907 coupon at $113\frac{1}{4}$ to $113\frac{1}{2}$; and four-and-a-halves of 1891 coupon at $112\frac{1}{4}$ to $112\frac{1}{2}$. Bank shares are firm and in demand. State bonds are steady but quiet. Tennessee sixes are in demand at fifty-four, and Alabama class A sold seventy-two and one-half. Railroad bonds are irregular, the best-known descriptions being firm, while the lower-priced bonds are freely offering at a concession in the quotations. Railroad shares are depressed by speculative and other causes. At the London Stock Exchange Government bonds are lower, and other American securities dull, with a firm undertone. Foreign exchange is lower in consequence partly of the monetary stringency. The report is current that nearly \$2,000,000 of Louisiana State consols have been purchased on foreign account by New York bankers in New Orleans. Subjoined are our usual quotations:

QUOTATIONS:	Jan. 25.	Feb. 1.	Feb. 8.	Feb. 15.	Feb. 23.
U. S. 6s, 1881, Coup...	$101\frac{1}{4}$..	$101\frac{1}{4}$..	$101\frac{1}{4}$..	$101\frac{1}{4}$..	$101\frac{1}{4}$
U. S. $4\frac{1}{2}$ s, 1891, Coup.	$112\frac{1}{4}$..	$111\frac{1}{4}$..	$112\frac{1}{4}$..	$112\frac{1}{4}$..	$112\frac{1}{4}$
U. S. 4s, 1907, Coup...	$113\frac{1}{4}$..	$112\frac{1}{4}$..	$112\frac{1}{4}$..	$113\frac{1}{4}$..	$113\frac{1}{4}$
West. Union Tel. Co..	$115\frac{1}{4}$..	$116\frac{1}{4}$..	$115\frac{1}{4}$..	$118\frac{1}{4}$..	$119\frac{1}{4}$
N. Y. C. & Hudson R.	$150\frac{1}{4}$..	149 ..	$147\frac{1}{4}$..	$149\frac{1}{4}$..	$145\frac{1}{4}$
Lake Shore.....	$131\frac{1}{4}$..	130 ..	$128\frac{1}{4}$..	$130\frac{1}{4}$..	$126\frac{1}{4}$
Chicago & Rock Island	$137\frac{1}{4}$..	$136\frac{1}{4}$..	135 ..	$137\frac{1}{4}$..	134
New Jersey Central...	$91\frac{1}{4}$..	$92\frac{1}{4}$..	$92\frac{1}{4}$..	$102\frac{1}{4}$..	106
Del., Lack. & West....	$123\frac{1}{4}$..	$122\frac{1}{4}$..	$122\frac{1}{4}$..	126 ..	$122\frac{1}{4}$
Delaware & Hudson...	$107\frac{1}{4}$..	$105\frac{1}{4}$..	106 ..	$111\frac{1}{4}$..	$107\frac{1}{4}$
Reading.....	$61\frac{1}{4}$..	63 ..	63 ..	63 ..	70
North Western.....	$126\frac{1}{4}$..	$128\frac{1}{4}$..	$129\frac{1}{4}$..	$131\frac{1}{4}$..	$126\frac{1}{4}$
Pacific Mail.....	$51\frac{1}{4}$..	$53\frac{1}{4}$..	$52\frac{1}{4}$..	$55\frac{1}{4}$..	55
Erie.....	$49\frac{1}{4}$..	$49\frac{1}{4}$..	$48\frac{1}{4}$..	49 ..	$48\frac{1}{4}$
Discounts.....	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	4 @ 5 ..	5 @ 6
Call Loans.....	4 @ 5 ..	4 @ 5 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6
Bills on London.....	4.82-4.85 ..	4.82-4.85 ..	4.82-4.85 $\frac{1}{2}$..	4.82 $\frac{1}{2}$ -4.86 ..	4.82 $\frac{1}{2}$ -4.85
Treasury balances, coin	\$66,214,543 ..	\$69,110,494 ..	\$67,676,268 ..	\$73,105,002 ..	\$79,166,461
Do. do. cur.	\$4,276,336 ..	\$3,887,477 ..	\$4,125,190 ..	\$4,077,441 ..	\$3,697,674

The advance in the prices of securities and the vast increase in the operations of the Stock Exchange have tended, with other circumstances, to raise the value of seats at the Brokers' board. Much has been said of late as to the rapid advance in the price of the shares of the New Stock Exchange from \$5,000 to \$25,000 or \$26,000 at present. A similar advance has been made in the shares of the Stock Exchange at London. Ten years ago their aggregate value was \$200,000, and now it is reported at \$12,600,000. The organization dates from 1802 when its capital was \$100,000 in four hundred shares of \$250 paid up. In 1870 the shares were \$500 full paid, the aggregate capital being \$200,000. In 1876 the property was transferred to a new company with a different constitution, ten shares of new stock being given for every one of the old, the nominal value of the original stock being augmented from \$500 to \$5,000, and a provision was adopted that the shares could not be sold to any one but a member of the Stock Exchange. In 1878 the new shares were quoted at \$900 each and now they are reported worth \$3,150. A similar enhancement of value is said to have been developed since the Franco-German war in the Bourses of Continental Europe, though the ratio of increase is not so remarkable. It would be interesting to compare the relative values of these several corporations with the changes of the last twenty-five years.

There was a gain of \$5,671,210 in the January exports from the United States of provisions, tallow and dairy products, and of \$306,524 in the January exports of breadstuffs, as compared with January, 1880. Everything indicates a continuance of large favorable balances of the foreign trade, and of large purchases of American securities held in Europe.

During the month of January there was an increase of \$195,495 in the amount of National bank notes outstanding, and an increase of \$372,875 in the amount of legal tenders on deposit for the redemption of National bank notes. The effect of both increases is a net decrease of \$177,380 in the aggregate paper circulation.

On the 1st of February the leading drawers of sterling exchange decided to give up the attempt to change the established system, and hereafter the quotation for pounds sterling will be in dollars and cents.

During the six working days ending with February 8th, there was received at the New York Custom House \$1,280,000 in silver certificates, \$1,024,000 in gold, \$192,000 in greenbacks, and \$4,000 in silver dollars.

The exports of Philadelphia in 1880 were \$46,589,584, as compared with \$50,685,838 in 1879.

Of the last wheat crop, the millers at Minneapolis expect to convert from 16 to 18 million bushels into flour, a good deal of which is shipped on direct orders from Europe.

From August 1, 1880, to February 5, 1881, the import of gold and silver (nearly all gold) at New York was \$75,546,614, as compared with \$79,102,203 between the corresponding dates of the previous year.

The British Board of Trade returns for the month of January show a decrease of £5,500,000 in the value of imports, and an increase of £40,663 in the value of exports, as compared with the same month last year.

A city contemporary, congratulating the country upon the current surplus revenue and consequent reduction of the public debt, justly observes that Congress "has no right to exhaust the Treasury by wasteful expenditure," and might well have added that the Treasury ought not to be crippled by impairments of the revenue. There are taxes which should be taken off, but new taxes should be substituted in lieu of them. With \$672,000,000 of bonds falling due this summer, every dollar of existing income is wanted.

Between December 29 and February 2 the Bank of England increased its gold reserve £ 1,220,581, but this was effected wholly by drafts upon the gold in circulation. During the month of January the exports of gold from Great Britain exceeded the imports £ 624,888.

Between January 13 and February 17 the metallic reserve of the Bank of France was nearly stationary. The loss of gold was 6,044,934 francs, and of silver 612,466 francs.

During January the British exports of silver exceeded the imports £ 436,297.

The Italian Chamber of Deputies (Feb. 23) passed a bill to resume coin payments by a vote of 266 to 27.

A Paris letter (January 20) says that "there is a general impression in business circles that money will be dear throughout the year."

The New York Chamber of Commerce, February 3, adopted (with some dissenting votes) the following resolution:

Resolved, That in the opinion of this Chamber it is the duty of the general Government to carefully inquire into and consider if telegraphic lines cannot be constructed and operated in connection with the Post-office Department with greater economy and with better results to the public than by the present system.

At a meeting (February 9) of the New York Board of Trade and Transportation, a report of the Executive Committee in favor of a Government telegraph was accepted.

On the 5th of February, at a meeting of the stockholders of the Western Union, votes were passed increasing the capital stock to \$80,000,000, and formally ratifying the plan of consolidation with the American Union and Atlantic and Pacific Telegraph Companies.

A contributor to the *Mining Record* estimates the present annual world's production of gold at \$100,000,000, and the consumption (in plate and the arts) for other purposes than as money, at \$50,000,000. The Director of the United States Mint estimates the annual consumption in this country in plate and the arts at \$10,000,000.

In 1880 there were 1,452 miles of railroad built east of the Mississippi, and 5,698 miles west of it.

The Northern Pacific Railroad Company has ordered to be delivered during the present year thirty large standard freight engines, 600 box cars, 400 stock cars and 500 flat cars, which will rather more than double the amount of its rolling stock.

From September 1 to December 31, 1880, the Northern Pacific road transported 2,796,000 bushels of Dakota wheat; 280,000 bushels were carried to Minneapolis and the remainder to Duluth.

A dispatch from Victoria, B. C., says the official returns state the yield of gold mines in 1880, as being \$ 1,013,827.

The number of acres planted with cotton in India diminished from 11,547,809 in 1875, to 8,876,627 in 1878. The yield per acre is also falling, and the price also, and the prospect of the cultivation is very gloomy.

POSTSCRIPT.

MARCH 25.—During yesterday and to-day increased excitement has prevailed in the money and stock markets. Large transfers of money to the Sub-Treasury from the vaults of banks, who seek to prevent the locking up of their bonds under the proposed Funding Bill, have been followed by stringency and alarm to the very verge of panic. As high as one per cent. per day, in addition to legal interest, has been paid for the use of money, and even higher rates are quoted outside of the Stock Exchange. Foreign exchange has been almost unsalable. To-day the threatened danger has been diminished by the action of Secretary Sherman, who telegraphed the Assistant Treasurer at New York to buy \$ 10,000,000 of five and six-per-cent. bonds, and to pay for them here. The Secretary yesterday ordered the prepayment, with interest to date of presentation of the \$ 25,000,000 bonds called for redemption on May 21st.

DEATHS.

At WHITEHALL, N. Y., on Sunday, December 26, aged sixty years, H. T. GAYLORD, President of the First National Bank of Whitehall.

At LOUISVILLE, Ky., on Wednesday, February 2d, aged thirty-five years, WILLIAM G. HUME, Cashier of the Bank of Kentucky.

At BRISTOL, R. I., on Tuesday, February 1, aged sixty years, JOHN B. MUNRO, President of the National Eagle Bank.

At MANITOU, Colorado, on January 10, A. W. PALMER, President of the First National Bank of Amenia, N. Y.

At ALBANY, N. Y., on Tuesday, February 22, THEODORE L. SCOTT, Cashier of the National Albany Exchange Bank.

At BOSTON, Mass., on Sunday, February 6th, aged sixty-two years, E. C. SHERMAN, President of the National Bank of the Commonwealth.

At JACKSON, Tenn., on Tuesday, December 28, aged sixty-seven years, WILLIAM K. WALSH, President of the First National Bank of Jackson.

THE
BANKER'S MAGAZINE
 AND
Statistical Register.

VOLUME XV,
 FOURTH SERIES. }

APRIL, 1881.

No. 10.

ASPECTS OF TRADE.

For the month of January the foreign merchandise trade was as follows :

Exports.....	\$ 74,077,228
Imports.....	45,160,790
Excess of exports.....	\$ 28,916,438

The movement of coin and bullion shows a balance of imports of \$ 4,282,343, so that, taking merchandise, coin and bullion together, the balance in favor of the country is \$ 24,634,095, which is largely in excess of interest account, freights, etc.. paid to foreigners. During the month, therefore, the American securities purchased abroad must have largely exceeded those sold abroad. When the returns of foreign trade for February are all in, they will show a continuation of this gratifying reduction of our debts and stocks held abroad.

In the face of the absolute demonstration, by the figures of our foreign trade, of the fact that we must be diminishing the amount of our bonds, railroad shares and other securities held abroad, we have daily reiterations of the statement that foreigners are buying our securities instead of selling them to us. The persons who make such statements do not explain in what way we are being paid for the untold millions of stocks said to be sold every day by Wall Street to Europeans.

The London *Mercantile Gazette*, of February 18, describing the movements of securities in London gives the following correct view of the case: "No inconsiderable portion of United States stock is held in this country, and as that nation is redeeming its debt at the rate of £15,000,000 per

annum, large sums are constantly returning to this country for re-investment. Americans, finding in their own country no sufficient outlets for regular annual savings, let alone the immense sums periodically let loose by canceling debt, are buying largely in our markets. Judging from recent experience, the States will soon rival ourselves as owners of foreign bonds and shares."

That describes the situation just as it is. Railroad construction in this country is now absorbing large sums, but in addition to providing those sums from our own savings and from the return to our loan markets of means hitherto locked up in Government bonds, we are able to buy up, steadily and largely, with the enormous excess of our exports over imports, American securities held abroad. With the continuance of an efficient tariff, and of the wise policy of a vigorous liquidation of the National debt, we shall not only fully extinguish forever the drain of a foreign indebtedness, but shall become the holders of the securities of other nations.

The value of imports of certain descriptions of iron and steel in the calendar years 1880 and 1879, was as follows:

	1880.	1879.
Pig iron.....	\$15,004,990	\$5,219,224
Bar iron.....	5,721,825	1,780,736
Band, hoop and scroll iron.....	1,031,708	48,068
Railroad iron.....	4,076,517	420,849
Old scrap iron.....	14,704,879	3,700,200
Steel ingots, bars, sheets and wire.	5,583,363	1,931,952
Steel rails.....	5,098,351	587,898

It was not possible for our iron producers to supply all at once the sudden and great demand for iron and steel which set in during the summer of 1879, from the revival of many industries, and especially of railroad construction. The importations of 1880 were heavy, but they are now rapidly falling off, as home producers start new works. The home production is advancing with giant strides. The *Bulletin of the American Iron and Steel Association* says:

The production of pig iron in the United States in 1880 was 4,295,414 net tons, or 3,835,191 gross tons. The production in 1879 was 3,070,875 net tons, or 2,741,853 gross tons. The increase in 1880 over 1879 was, therefore, 1,224,539 net tons, or 1,093,338 gross tons, or forty per cent. The production of 1879 was larger than that of any preceding year, but the production of 1880 was not only forty per cent. larger than that of 1879, but it was fifty per cent. larger than that of the two preceding most active years, 1872 and 1873, and it was double that of the Centennial year 1876, when the production of pig iron during the panic years reached its lowest point. The following figures in net tons will make these extraordinary facts plain to the eye. Production:

1872.....	2,854,558	..	1877.....	2,314,585
1873.....	2,868,278	..	1878.....	2,577,361
1874.....	2,689,413	..	1879.....	3,070,875
1875.....	2,266,581	..	1880.....	4,295,414
1876.....	2,093,236	..		

Twenty-three States made pig iron in 1880, being one more—Minnesota—than in 1879, while every State which made pig iron in 1879 increased its production in 1880 with one exception. This was West Virginia, which made 70,801 tons in 1879, and 70,338 tons in 1880. Colorado has just established its first furnace at South Pueblo. The States producing the greatest quantity were Pennsylvania and Ohio; New York, New Jersey, Michigan, Illinois and Missouri follow next in the order named.

The New York *Public* (March 10) gives tables of the New York wholesale prices at various dates, of wheat, corn, oats, cotton, pork, bacon, cheese, tallow, lard, tobacco, coffee, sugar, petroleum, copper, foundry iron and steel, and iron rails. These tables justify it in saying: "The average of these and many other quotations for which we have not room is not materially different March 1st from that of January 1st, and is fully twelve per cent. lower than that of the first two months of 1880."

The generally low scale of the prices of merchandise in this country establishes a presumption that the currency is not redundant. But, as we observed a month ago, the decisive proof that our prices are not excessive as compared with those of other commercial nations, is the fact that our exports are so immensely greater than our imports, and that, as a necessary consequence, there is a steady flow homeward of American securities hitherto held abroad. With the present full activity of our industrial classes, we shall soon extinguish the last dollar of our foreign indebtedness, and put a final end to the disastrous drain of interest which results from the use of borrowed capital.

The chief of the Bureau of Statistics reports that the total value of the exports of domestic breadstuffs, during the month of February, 1881, were \$13,919,246 as compared with \$14,426,844 during February, 1880.

During the eight months ending with February, 1881, the exports of breadstuffs were of the value of \$182,428,826, as compared with \$188,835,659 during the eight months ending February, 1880. The falling off is small, and is due rather to a decline in prices than to a diminution of quantities.

The Bureau of Statistics report that the exports of provisions, tallow and dairy products during February were of the value of \$14,727,671, as compared with \$9,243,383 during February, 1880, and that during the four months ending with February, they were of the value of \$52,168,399, as compared with \$34,196,425 during the four months ending with February, 1880.

The appearances now are, that during the first quarter of 1881, the total favorable balance of our foreign trade, including merchandise and bullion, will approximate \$75,000,000, which would leave a large margin for the purchase of our securities held abroad.

THE PUBLIC FINANCES.

Reports from Washington (March 12) stated that the Secretary of the Treasury estimated that, from that date to June 30, the accumulated and accruing surplus revenue would enable him to pay for \$50,000,000 of bonds, including the \$25,000,000 called by the late Secretary, and interest upon which ceases on the 21st of May. On the 12th of March the debts redeemable this year were reduced to \$660,027,200, as follows :

Sixes..... \$ 196,366,550 Fives..... \$ 463,660,650

If \$50,000,000 more are paid off by the 30th of June, there will be left \$610,027,200, and it will be unnecessary and inexpedient to refund to a greater extent than \$550,000,000. The surplus revenue from June 30 to December 30 will take care of the remainder.

The Secretary of the Treasury has an unexpended authority to sell \$104,000,000 of bonds under the funding act of July 14, 1870, which authorized a total issue of \$1,500,000,000, divided into \$200,000,000 of fives on ten years, \$300,000,000 of four and a-halves on fifteen years, and \$1,000,000,000 of fours on thirty years. By a subsequent amendatory act the authorized issue of fives was increased to \$500,000,000, but with a proviso that in no event should the total issue of \$1,500,000,000 be exceeded. The authority to increase the fives to \$500,000,000 having been actually exercised, it is necessary that \$300,000,000 should be deducted from the authorized four and a-halves, or from the authorized fours, or in some proportion from both descriptions of bonds; and, inasmuch as there is no law prescribing how the reduction shall be made, it is necessarily a matter within the discretion of the Secretary of the Treasury. Of the \$300,000,000 of four and a-halves, \$200,000,000 have been issued for refunding purposes, and of the \$1,000,000,000 of fours \$696,000,000 have been issued for the same purposes.

On that state of the case the Secretary may now issue \$100,000,000 of four and a-halves and \$4,000,000 of fours, or he may issue \$104,000,000 of fours, or he may issue \$104,000,000 of bonds in any other proportion of the two descriptions, except that he cannot go beyond \$100,000,000 of four and a halves.

Without now going into any extended discussion of the matter, we have only to express the hope that he will issue no bonds at all under the act of July 14, 1870. Public opinion is clearly against any bonds running as long as fifteen years, and of course still more strongly against thirty-

year bonds. Nor can either class of bonds be issued without involving a clear and heavy loss to the Government. Taking the most favorable case of a sale of \$100,000,000 of fifteen-year four and a-halves at a premium of eleven per cent. it amounts simply to this, that for \$111,000,000 the Government agrees to pay \$167,500,000, inasmuch as the interest promised by the bonds is just as much debt as the principal. Individuals may make a profit on borrowed capital, as an offset, so far as it will go, to interest payments. But governments make no profits on borrowed capital, and every dollar they pay for interest means just so much burden on taxpayers. It is far better to pay interest for five years on the fives now out, with the right and the power to pay the principal at the end of five years, than to sell four and a-halves at eleven per cent premium. In the first case on \$100,000,000 we pay \$25,000,000 by way of interest. In the last case we pay, over and above premium, \$56,500,000 by way of interest. The difference, which is \$31,500,000, is so much money absolutely thrown away, so far as the Government is concerned.

In respect to the funding bill passed by the late Congress, the veto of the President states fully the objections to it.

As to requiring banks, in future deposits of bonds to secure circulation, to deposit only those bearing the least rate of interest, we do not believe that it is necessary or expedient. Whatever bonds they deposit, they take so many out of the market, and thereby make room for others, and increase the prospect of negotiating such as bear lower rates of interest.

As to the question of leaving to the banks their present power to deposit legal tenders at will and take back their bonds, it presents great difficulties in the present condition of the banking law. It is clearly a hardship to deny to them the control of their own property. If they believe that there is impending a fall in the market price of their bonds, how can the right be fairly denied to them of recovering the possession of them, when they are ready to substitute as a security for their circulation, an equal amount of lawful money? On the other hand, enormous mischiefs may result from the simultaneous exercise of such a power by any large number of banks. Of that, we have had a recent and very striking proof. We reject as wholly chimerical the idea that any number of banks will combine to exercise such a power simultaneously for any sinister purpose. Banks are the last institutions to be suspected of a purpose to bring on commercial and financial disturbance, from which they are always the greatest sufferers. There was no combination in the recent case. What happened was, that the managers of certain banks, scattered all over the country, came simultaneously to a common conclusion as to what the interests entrusted

to their charge required to be done, and nobody can fairly say that the conclusion was such an extraordinary one as to compel the suspicion of any sinister intent. But the danger is, that other occasions may arise, when, without the slightest suspicion of such an intent, a much greater number may act together simultaneously and with much worse consequences than those recently experienced.

The only solution of the difficulty which occurs to us, is to change the banking law, so that any lawful money deposited to procure the return of bonds, instead of being set apart as a special fund for the redemption of the notes of the depositing banks, shall be subject to use like any other money in the Treasury. In such a case, of course, the Government, having used the money for its own purposes, will be responsible for the note redemption. With this change in the banking law, there can be no sudden lock-up of money. Without doubt there are some objections to the proposed change, but none of them seem to be so great as those which lie against the present system.

During February, the decrease of the net National debt, that is to say, of the amount of debt less cash on hand, was \$11,843,155.

The only change in February in the bonded-interest debt was a reduction of \$330,400 in the amount of the five-per-cent. bonds. About \$5,500,000 of the five and six-per-cent. bonds were purchased by the Assistant Treasurer of New York, just at the end of the month, but for the most part not in season for their cancellation on the books in Washington.

During the month, \$84,500 of the four-per-cent. refunding certificates were converted into four-per-cent. bonds; and there was a reduction of \$86,000 in the amount of outstanding fractional notes.

During the month the principal of the debt on which interest has ceased since maturity, was reduced from \$7,273,285 to \$6,598,725.

During the first eight months of the current fiscal year, the reduction of the net debt of the United States was \$62,215,882. At that rate the reduction for the whole year will be \$93,326,823.

The metallic reserves of the Treasury were as follows at the two dates named :

	<i>February 1.</i>	<i>March 1.</i>
Gold coin and bullion (less outstanding certificates).....	\$ 148,052,808	\$ 166,708,852
Silver dollars (less outstanding certificates).....	13,420,465	15,911,663
Subsidiary silver.....	25,490,914	25,813,058
Silver bullion.....	6,704,197	5,356,308
	<hr/>	<hr/>
	\$ 193,668,384	\$ 213,789,881

During the month of January 2,300,000 silver dollars

were coined, and the gold coinage was \$7,262,930, of which \$3,465,330 was in eagles, and \$3,797,000 was in half eagles.

During the month of February 2,307,000 silver dollars were coined, and the gold coinage was \$7,214,060, of which \$4,064,600 was in eagles, and \$3,148,400 was in half eagles.

The total number of silver dollars coined to the end of February was 82,059,905, of which 66,148,242 were in circulation, as follows: In the metallic form, \$29,120,445. In the certificate form, \$37,027,797.

On the 1st of March the number of silver dollars held in the Treasury was 52,939,460, but of these, 37,027,797 were owned by individuals, and were represented by outstanding certificates.

A STATE BANK CURRENCY.

A city contemporary, the *Commercial Bulletin*, argues in favor of removing the prohibitory National tax on State-bank circulating notes, so as to revive the old system of State-bank paper money. In an article printed March 3, it puts its advocacy of this scheme upon the ground that taxes, and other restrictions imposed by Congress upon the National banks, prevent such an increase of their paper issues as is demanded by the augmenting population and business of the country, and that the remedy is to allow the State banks to enter the field as issuers of notes. Its article concludes as follows:

The attitude that Congress has maintained towards the National banks ever since the formation of the system in 1864 is clear proof that the National system alone cannot be relied upon to satisfy the banking requirements of the country; and it is therefore imperative that full freedom should be allowed for the expansion of banking under State organizations. It may be well enough for Congress to provide a National system for all such as choose to conduct their business under it; but it has no right to prevent others from organizing under the ægis of the States. It is a discriminatory usurpation of power to permit National banks to issue circulating notes and to prohibit State banks from doing it. This may have been tolerated as a temporary expedient of war finance: but it should not have been continued one month after those necessities ceased. Were the State banks authorized to issue circulation under conditions calculated to insure the constant convertibility of their notes, the National banks would then have a way of escape from the oppressions to which they are now subject, and Congress might be induced to ameliorate the burthens and the restrictions it now imposes on the banks organized under its patronage. In this view, it is a question well deserving the consideration of the National banks whether they could not afford to acquiesce in the repeal of the ten-per-cent. tax that at present prohibits State banks from issuing circulation.

In an article printed on the next day (March 4), the *Bulletin* put its advocacy of a State-bank currency upon the additional grounds, (1) that it would be more expansive than a National-bank currency, and (2) that the present system must "ere long" come to an end by an extinction of the National debt. On these points it said :

The State systems are more elastic. They do not compel the banks to hold useless reserves, with a consequent loss of interest upon part of their means. More is left to the judicious discretion of the bank and less to the arbitrary restrictions of law; and it is natural enough that, when a number of individuals unite their capital to do a banking business, they should prefer to avoid, as far as possible, extraneous interferences. If Congress could be induced to do the justice of repealing the prohibitory tax upon State-bank circulation, an important impetus would be given to the replacement of the National system by the old State methods of banking.

The National system is, in some important respects, of a temporary nature. It was devised to meet a special emergency, and in many points is specifically adapted to those transient ends. Its circulation is based upon the National debt, which has undergone transmigrations greatly to the disadvantage of the banks; and the rapid progress towards the extinction of Government bonds must ere long take away the basis on which the bank circulation now rests.

Until now, the project of reviving the system of State-bank issues, has not been heard of except occasionally at New Orleans, and at one or two other isolated points. We do not believe that the country will entertain the project for one single moment, under any circumstances whatever. The "elasticity" of wild-cat State-bank systems is something of which the United States has had too long and too bitter an experience. It is impossible that any paper circulating as money will be again tolerated, which is not as National, and as uniformly current everywhere, as the coins struck at our mints.

It will be time enough to devise a new basis for National banks when the National bonded debt is paid off. It will require thirty-two years to accomplish that, at the rate of reduction of the last four years. It will never be accomplished at all, unless successful resistance is made to the attacks upon every branch of the public revenue, for which the occurrence of a surplus revenue has never yet failed to be the signal.

There is no objection to State banks, not endowed with the prerogative of issuing circulating notes. Such institutions are in existence in great numbers, and perform useful and acceptable functions. They are likely to become more numerous, and nobody will regret it if that shall happen. But if there is anything which ought to be regarded as settled in American finance, it is the doctrine that no paper money shall exist in this country except under National supervision,

and which shall be made everywhere current by such a capacity as legal tender as will be sufficient for that purpose, and at the same time be within constitutional limitations. That is effectively accomplished under the present system, by making the notes of each National bank a legal tender for debts due to any other National bank. It would be entirely impracticable to invest State-bank issues with such a capacity as legal tender, or with anything equivalent to it.

CANADIAN FINANCES.

At the close of the fiscal year ending June 30, 1880, the total debt of the Dominion of Canada was \$199,125,323, bearing an average interest of 3.82 per cent. Thirteen years ago, when the present form of government was constituted, its total debt was \$93,046,051, bearing an average interest of 5.21. In stating these debts, no deduction is made for cash on hand, or for the metallic reserves held for the redemption of the government circulating notes. The aggregate of surplus revenue during the thirteen years since the Dominion was constituted, has been four million dollars, and the increase of debt is chargeable to new works undertaken.

The cost of the principal public works is in round figures as follows: The Welland, St. Lawrence and Lachine canals, about \$31,000,000; Grand Trunk Railway, \$25,600,000; about \$10,000,000 of which is for interest charged many years ago; railways in Nova Scotia and New Brunswick, \$13,000,000; Intercolonial Railway, \$25,000,000; Prince Edward Island railways, \$3,500,000; Pacific railway, \$16,500,000; Ottawa works, \$3,500,000; harbors and lighthouses, \$2,500,000; Government building, Ottawa, \$4,000,000.

The accounts between the Dominion Government and the different Provinces, show a net balance due from the latter of about \$13,000,000, but it is probable that some portion of this may be remitted upon political and other grounds.

To the debt as existing June 30, 1880, will be hereafter added the \$25,000,000 of contribution which the Dominion has promised to the syndicate which has undertaken the construction of the Canadian Pacific railroad, unless it is paid out of future accruing revenues, which may well be hoped for. The higher duties at the Custom Houses, under the recently adopted "National Policy," as it is called, have been so perfectly successful in swelling the revenues, that no party in Canada is likely ever to reduce them.

Upon the whole, the Dominion debt, although large, is by no means unmanageable. It may be steadily reduced, if the Canadians are wise enough to discard the mischievous

debt-perpetuating and funding ideas, so popular in England, and which England has found it so profitable to itself to disseminate among its colonies. As some counterpoise to English teachings on this subject, the Canadians have the example of the United States, the force of which they feel. The Toronto *Monetary Times*, of January 28, insists "that it is desirable to provide more rapidly for the extinction of the debt," and it adds: "We would do well to profit by the example of our neighbors, who are reaping the advantage of their rapid reduction of their public debt in being able to borrow at little over three per cent."

For the first seven months (ending January 31) of the current fiscal year, the total Canadian revenue was \$16,444,951, being an increase of \$4,129,139, or about one-third over the corresponding seven months of the last fiscal year.

PRICES OF GOVERNMENT STOCKS.

The Toronto (Canada) *Monetary Times*, in a recent number, says:

"The credit of the United States ought to be better than that of England. The States have shown greater aptitude than England for paying off public debt; besides, they are less likely to be involved in expensive wars. Seeing that the English consol is ordinarily maintained nearly at par, there ought to be no reason why a United States three per cent. bond should not, in ordinary times, be at par."

Without doubt, the greater or less degree of confidence in the punctual payment of the interest and principal of the stocks of different governments, is a very important element in determining their comparative prices. Our Canadian contemporary discusses the subject, however, as if it was the only element, and therein it commits a mistake, which is a great one, although a very common one. It overlooks the element of the quantity of the bonds of a government relatively to the capital which is likely to absorb them.

In the case of the Governments of England and the United States, their credit, in the sense of confidence in their ability and reliability as respects payment, may be said to be so generally recognized as entirely good, that no doubt about it enters into the calculation of investors. This is especially true of their credit at home, where the great bulk of their securities are held.

In the case of the United States, it would hardly be maintained by anybody that confidence in its ability and determination to pay its debts is any greater at home to-day than it was on the 1st of November, 1879, since which time con-

siderably more than \$100,000,000 of its bonds have been taken up and canceled, or that it will be any greater than it now is, if, within the coming ten years, its total bonded debt shall be reduced to the \$990,000,000 of the four and a half and four per cents.

In looking, therefore, for the real causes of any difference there may be to-day in the prices of British and American Government securities bearing the same rate of interest, and of any difference which may exist between the present prices of United States stocks and either their previous prices on the 1st of November, 1879, or their anticipated prices at some future date, we must look for something else than the question of mere credit.

The price of Government stocks, the reliability of which is not doubted by investors, depends upon the proportion between the quantity on the market and the capital likely to be attracted to them, taking all circumstances into account. In past times British consols have been salable at better prices than American securities, allowances being made for differences in the rates of interest, not because British credit was any better than American credit, but because there has been heretofore more loanable capital in Great Britain, desiring an investment in British consols, in proportion to the volume of consols in existence, than there has been of American or other loanable capital, desiring an investment in United States stocks, in proportion to the volume of such stocks in existence. But the situation is rapidly changing. It is still probably true that there is more capital held by Englishmen, which they desire to put into consols, than there is of capital held by Americans, which they desire to put into United States securities. But the bonded debt of Great Britain is more than twice as great as that of the United States, and within ten years will be four times as great, if we persevere, as we ought to do, in paying off before 1891 everything except the four and a half and four per cents. In the meantime, the total loanable capital of this country increases at an enormously more rapid rate than such capital is increasing in Great Britain, and the rate of increase in that portion of loanable capital which tends to investment in Government securities is probably greater everywhere than the rate of increase in the aggregate of loanable capital. Thus, even if it be admitted to be true that the United States cannot at this present moment borrow money quite so cheaply as England can, it may still be true that this will be possible three, five or ten years hence, and it certainly will be true if we adhere to the sound and time-honored American policy, which comes down to us from the fathers, and to which the country has thus far firmly adhered, of making haste in time of peace to reduce and extinguish debts contracted in war.

MONETARY AFFAIRS IN EUROPE.

M. Dechend, the President of the German Imperial Bank, estimates the full-tender silver thalers, not yet redeemed by the German Government, at 476 million marks, or \$119,000,000. In a book just published in Berlin by Otto Arendt, the amount is estimated at 498 million marks, or \$124,250,000. In both cases, what are known as "the Austrian thalers," being 31,100,000 in number, are included. Otto Arendt gives the history of these last thalers. They were struck at the Austrian mint for the special purpose of paying a war indemnity which Prussia exacted as one of the fruits of its victory over Austria in the war of 1866. Until 1870, the great bulk of them were kept on hand as a part of the war fund which it is one of the traditions of Prussia to maintain. They were paid out in 1870, for the purpose of carrying on the war of 1870 with France. The German currency laws of 1871-3, put these Austrian thalers on the same footing as to the duty of the German Government to redeem them, as the thalers struck at the Prussian mint.

A London dispatch, of February 26, or what purports to be such, published in this city, had the following :

"The London bankers are said to be unanimously of the opinion that it will be impossible to place the new United States three-per-cent. loan in Europe. They affirm that if this was attempted nearly all the £75,000,000 United States bonds held in London would be returned to America."

On the 29th of January the London *Economist* said, in respect to "the United States bonds held in Europe :"

"The amounts of these bonds are variously estimated by those qualified to judge. But if we take the lowest estimate of £10,000,000, it is enough to produce a great effect on the exchanges."

This "lowest estimate of £10,000,000" for all Europe, may be, and probably was, short of the mark, but not so short of it as the estimate of £75,000,000 for London alone is beyond it. If London has held on to this time to one-tenth of £75,000,000 of United States bonds against the tempting prices which the Secretary of the Treasury has been paying for them for a year past, it shows a tenacity of holding quite as great as we believe exists there.

Signor Magliani, the Italian Minister of Finance, in recently presenting to the Chambers a bill to terminate the forced currency of paper, seized the occasion to make the following observations :

"A country which adopts the double standard, sees its circulation consist alternately of that one of the two metals which is intrinsically inferior in value to the other. At the present moment silver has lost eighteen per cent. relatively to the legal ratio fixed by the Latin Union. If we adopt the double standard with the unlimited coinage of silver, our circulation will soon, by the force of circumstances, be composed exclusively of silver. The forced paper currency will be replaced by the forced currency of silver."

So far as we can see, the Italian Minister's ideas of a resumption in gold are regarded in Paris and London as utterly visionary and impracticable. He proposes to borrow \$80,000,000 in gold, but he can nowhere find lenders of such an amount of that metal. The *London Times* (Feb. 15) dismisses his observations upon the existing depreciation of silver, with the quiet remark that "the difficulty is not to be removed by each nation doing what it can to render gold more than ever a dear metal." The *London Economist* (Feb. 19) says :

"Whatever the preference of Italian statesmen may be, it would seem improbable that they can plant the foundation of their currency successfully on gold only."

The Italian official estimates fix the amounts of gold and silver coin and bars (including subsidiary silver) now held in that country at \$85,000,000, of which the Treasury and banks hold \$20,200,000 in gold and \$20,400,000 in silver. The proposal of the Finance Minister is to borrow \$80,000,000 in gold and \$40,000,000 in silver, and apply these sums in reducing the paper currency to \$200,000,000, of which \$135,000,000 is to consist of bank notes and \$65,000,000 is to consist of Government notes.

Professor Soetbeer estimates the currency of Germany, January 1, 1881, at \$330,000,000 in gold, \$243,000,000 in silver and \$72,750,000 in bank notes not covered by specie, dollar for dollar. In addition there are from twenty-five to thirty million dollars in Government notes. As the subsidiary silver amounted at the date named to \$106,771,823, Soetbeer must assume that the full-tender silver thalers in circulation amounted to \$137,771,823, which is higher than the average of the estimates of others.

On the 9th of March, a deputation of the Liverpool Incorporated Chamber of Commerce held a conference with Lord Hartington, Secretary of State for India, and presented a memorial urging the Government to appoint commissioners to represent England, and especially India at the monetary conference.

The *London Telegraph* says :

"Lord Hartington pointed out that there was some difficulty owing to the terms in which the invitation of France and the United States was couched. As originally worded

it seemed to commit the Government accepting it to the adoption of bi-metallism, and an admission that the maintenance of a gold standard is impolitic. The Government could not participate in any conference which assumed their willingness to abandon the gold standard. Negotiations have consequently taken place with a view to modifying the invitation in order to permit England to accept it consistently with these reserves. India and England would willingly adopt any safe and prudent measure which might help to rehabilitate the value of silver."

In the German Parliament, on the 10th of March, the Secretary of the Treasury made a number of bemuddled and incomprehensible explanations as to the intentions of Bismarck in respect to the Paris conference and bi-metallism. We shall know what Bismarck intends, when we see what his action is, and not earlier than that.

The Paris correspondent (Feb. 3) of the London *Economist*, says:

"The purchases of rente through the Receivers-General in the departments in 1880, amounted in capital to a sum of 365,703,894 francs, and the sales to 252,429,797 francs. The balance of purchases over sales amounted to 113,274,096 francs. This continual drain of stock from the Paris market to the hands of investors in the provinces is the chief cause of the firmness in the price of rente."

On the 8th of March, the terms of a new issue of three-per-cent. rentes to be offered to public subscription March 17, were officially announced. The minimum price was fixed at eighty-three and a quarter per cent., and the amount at 1,030,000,000 francs, or about \$200,000,000. This new issue had been expected for some time. It was needed to reduce the immense mass of short, floating obligations, which the French Government has been putting on the market to raise means for the great system of public works inaugurated about two years ago.

Beaulien, of the *L'Economiste Francaise*, maintains the reputation for statistical audacity, which he acquired five years ago, by estimating the silver currency of France at 1,200 million francs, less than half of the real quantity. He now declares in his journal of February 19, that he should suffer no inquietude if the annual production of gold in the world should fall to \$40,000,000, inasmuch as he estimates the world's annual waste and loss of gold coins at only \$10,000,000 or \$12,000,000, and the world's annual consumption in plate and the arts at only \$20,000,000. This last consumption in the United States alone is estimated by Judge Burchard, of the Mint, at \$10,000,000 annually.

The London *Times*, of Feb. 14, says:

"The ordinary gold consumption of England and other gold-using countries, amounts ordinarily to about £12,000,000 (\$60,000,000)."

The London *Times* says that there is no such revival of trade as to cause any perceptible increase in the offer of commercial bills for discount, and that the demand for money comes chiefly from the Stock Exchange, and fluctuates according to the requirements of that class of dealers. General prices all over Europe are low and rather tending to a decline. M. de Laveleye, writing in the *Moniteur des Intérêts Matériels*, of March 6, observes that "prices remain low and very little remunerative, although there has been a marked revival of industrial activity." What is justly feared, in Europe and in England, is that this industrial activity must again subside unless prices rise, and especially if they fall still further. In particular, the iron industry of Great Britain is regarded as being in a very precarious and dangerous position. The revival of prices in the latter part of 1879 led to a large increase of production, which has continued, notwithstanding the subsequent decline in prices, and stocks tend to accumulate. The London *Times* adopts the theory that the general cause of the stagnation in business is "the paucity of gold," and maintains that the situation would have been worse if the Bank of France had not so freely furnished gold to the general markets. The *Times* believes, in which we do not concur, that the Bank of France will change its policy in that particular. We agree with it, however, that such a change, if it occurs, would bring on "a monetary convulsion in Europe," and, we may add, in America also.



TRADE WITHIN THE BRITISH EMPIRE.

Some months ago the Canadian Board of Trade adopted resolutions looking to a conference of delegates from the different portions of the British Empire "to devise means for uniting them in their commercial relations more closely to each other and the mother country."

It is reported that favorable responses have been received from some of the British West India islands, and the expectation is expressed in some quarters that the proposed conference may be held during the present year, and perhaps during the coming summer.

Sir A. T. Galt, who has been acting as a sort of plenipotentiary representative of the Canadian interests in London, has sketched in general terms, but nevertheless with sufficient intelligibility, the class of ideas prevailing in Canada upon this subject, and which were at the bottom of the present movement. No man understands them better, or will have more influence in moulding the final shape which they will be likely to take.

It is a great mistake to suppose that there is the least element of what is called *free trade*, in any part of these Canadian ideas. They all look to the overthrow of free trade, as between the British empire and the outside world, and to free interchange within that empire. In other words, they contemplate the adoption of substantially the system of the United States, which is that of perfect freedom of internal exchanges, but of restrictions in the shape of duties upon all exchanges with foreigners.

Sir A. T. Galt suggests to the British public through the British press, that the Canadian market for British goods is worth paying for, and that England can well afford to pay for it by reviving the old form of differential duties in favor of the colonies. Specifically, he suggests that Canadian wheat should have the advantage of a free admission, while foreign wheat should pay some duty. In view of the claimed capacity of Manitoba to produce wheat in unlimited abundance and at a cost lower than anywhere else in the world, he claims that England could obtain its bread as cheaply under the proposed system as under the present system. He has not as yet suggested the renewal of the discrimination in favor of Canadian against Baltic timber, which was repealed about thirty years ago, but he can do that at any time in the progress of the negotiations, if England is disposed to negotiate at all on the subject. It is altogether certain that in no event will Canada abandon its recently adopted "National Policy," and again admit British goods with merely nominal duties, unless it can be compensated by some preferential advantages in supplying England with the products of either its agriculture or its forests.

When we get at the communications which have been passing between Canada and the British West Indies, we shall doubtless find that this same principle of *quid pro quo* in trade has been insisted upon. For any advantage which Canada may have offered to the importation of British West India sugar or rum, some corresponding advantage for Canadian timber or breadstuffs over foreign timber or breadstuffs will be found to have been claimed from the islands.

Whether anything will come of these new ideas, and if so, how soon, remains to be seen; but at all events their tendency is not at all in the direction of free trade. If they could be realized, it is very doubtful if it would not be more for the advantage of England than of Canada. Experience has shown that in an international exchange of raw products for manufactures, it is the manufacturing side which grows rich the fastest, while the other side often grows absolutely poor. What England would really like is to be the manufacturer, merchant and banker for the whole world. It is not to blame for desiring precisely that, but the prospect that other nations will be persuaded to agree to it, is not an improving one.

USAGES OF THE STOCK MARKET.

The New York Court of Appeals has just rendered a decision upon a question long regarded in this country as open and important: whether persons unconnected with the stock market, and unversant with its peculiar modes of dealing are, when they give orders to buy or sell, through brokers, subject to the usages and customs by which brokers are wont to deal as between themselves. The case mentioned arose out of the course of dealing of Tumbridge, a Wall-Street stock broker whose advertisements and methods have attracted considerable comment. It appeared by the testimony on the trial that, during 1877, circulars were widely distributed, signed Tumbridge & Co., and describing various methods of speculating in stocks, with alluring accounts of the profits likely to be realized. One of these circulars reached a Miss Harris, living at a distance from the city. It recommended the purchase of "straddle contracts" as the safest form of speculating. As every one who has read or heard about Wall-Street methods understands, a "straddle" is a contract by which an operator engages with a speculative customer that he will, during a specified time, either sell or buy as the customer may elect, shares of a specified stock, at a price named. For this privilege of electing to buy or sell, the customer pays a round sum down. The theory is, that if the stock mentioned in the contract falls, the customer can make a corresponding profit by virtue of the right to sell at the old and higher price; if it rises he will likewise make a profit by virtue of his right to buy at that price. If it neither rises nor falls the operator pockets the bonus, which, at the beginning, was paid for the privilege. The circulars of Tumbridge & Co. contained an explicit guaranty "that, in a stock we select, the fluctuations will aggregate at least eight per cent. on a sixty-day contract, costing \$400; and, in case this does not occur, we will guarantee no loss except commission." Miss Harris was willing to make a venture of the kind described, and she sent to Tumbridge & Co., in a letter pointedly referring to and relying on the guaranty, \$425 to be invested for her. They answered, apprising her that they had purchased for her account a straddle contract on Lake Shore and Michigan Southern railroad stock. Miss Harris thereupon awaited the expected rise or fall, either of which was to bring her a profit against her \$425 expended.

The stock did rise somewhat more than ten per cent.; and according to the Harris understanding of the engagement, she should have received a remittance of about \$700 net profit. Instead of this the broker sent her word that just

after buying the straddle he had sold one hundred shares short against it; and that, on account of this, the speculation had resulted disastrously, leaving her indebted to him \$9. Detailed explanation of just what was meant by this new and unexpected dealing, and how it would operate, is not necessary, for the decision did not turn on the question whether the course taken was a wise one. Tumbridge claimed that he had acted in accordance with a custom among brokers to use a straddle in such way; but did not pretend that Miss Harris had any personal knowledge of such custom or had ever given any consent. Miss Harris did not dispute the custom, nor that the step taken might have been judicious and fair if done with the customer's knowledge, but took the simple position that Tumbridge could not, upon any pretext of usage of brokers, unknown to her, depart from the contract indicated by the letters. On this ground she sued to recover damages for the mismanagement of her speculation.

The Court of Appeals, as well as the court below, has decided in favor of the claim. It is held that Tumbridge could not, under any usage or custom not known to Miss Harris, or with respect to which she had not contracted, make the short sale on her account; this being a departure from the written engagement. His only right, as her agent, was to exercise the option or privilege in her behalf, as she might direct, or, if left to his judgment, as might appear prudent. He had no right, in any event, to involve plaintiff in another and distinct speculation. It was his duty, under the circumstances, to have closed the straddle contract by exercising the option at the most favorable time. For his failure to do so Miss Harris was awarded judgment for the profit which, under a proper performance of the broker's engagement, she would have made.*

This question—whether outsiders, who give orders in the stock markets, do so at the risk of all the mysterious usages of the brokers—is one of wide-spread importance in financial circles; for, no doubt a very large portion of the current volume of business is composed of purchases and sales on behalf of persons who are not habitual dealers. The question seems not to have been heretofore presented in American courts so distinctly and simply as in this case, though our judges have, in several decisions, shown themselves very ready to protect the customer where the usage set up against him was seen to be unreasonable or contrary to law. In a case presented in the New York Superior Court, in 1879, an outsider employed a firm of brokers to buy shares for him for the purpose of speculation, on the engagement or understanding that they should "carry" the stock for him for awhile, upon a "margin." Before long, as the stock seemed

* *Harris v. Tumbridge*, 11 Week. Dig. 333; also 8 Abb. N. Cas. 297.

to be falling, the brokers sent word to the customer for additional margin. Not receiving it, they sold the shares for their own protection; and did so without giving him any notice. They sent him an account sales, bringing him in debt to them about \$1,600, and for this balance they brought suit. The court decided against them, saying that, in law, a broker holds shares bought on margin in pledge, and the customer is entitled to notice of the time and place of any sale made for his default. A sale made without such notice—unless notice has been explicitly waived—is a conversion of property belonging to the customer.*

Stock dealings in Boston have given rise, in past years, to two cases of this sort. In one of these † a trustee of some shares pledged them to secure a private advance or debt, and in violation of his trust. The pledgee made no inquiry as to the authority of the trustee to pledge the stock. In a lawsuit afterward brought, in which his right to hold the shares was contested, he maintained that under the customs of the Boston stock market it was not necessary for him to make any such inquiry. And he offered to show that it was a matter of common usage for certificates of stock to be issued in the name of some other person than the owner as trustee, when in fact there was not any trust; also that certificates of stock issued to a designated person as trustee were constantly bought and sold in the Boston market, by a simple indorsement of the certificate, made by the person named as the holder, and without the purchaser's making inquiry as to his authority to make the transfer, or his purpose in making it. But the court refused to consider such evidence, saying that the insertion, in a stock certificate of the word "trustee," after the name of the holder, is legal notice to any one to whom the shares may be offered that there is a trust; and no one can disregard such a notice on the plea of a usage among brokers to employ the word in a fictitious manner. In a subsequent case ‡ the broker was employed to buy stock "at buyer's option within sixty days." Now there was, at this time, a general use among stock-brokers in Boston, well known among them, though not generally known to strangers, that in filling orders for stock deliverable at buyer's option within a specified period, the broker might buy the stock for cash or on a shorter time than that ordered, and in his own name, without disclosing the name of the principal, and might "turn" the same as it was called—that is, might carry it until the maturity of the contract; and might charge a brokerage in addition to the usual commission for buying, and as compensation for the risk of carrying. In the case narrated, the broker bought the shares on a thirty-days' option, and, in his account with

* *Gruman v. Smith*, 44 N. Y. Superior Ct. 389.

† *Shaw v. Spencer*, 100 Mass. 382.

‡ *Day v. Holmes*, 103 Mass. 306.

his customer, claimed brokerage for carrying them for the other thirty days. But the court refused to recognize the usage, saying that it was contrary to common sense and good morals; for it assumed to authorize the broker to speculate for his own benefit in executing an order, instead of obeying his instructions and acting disinterestedly toward his principal.

The story of a Pennsylvania case, involving New York usages, is as follows: The holders of a large parcel of stock in a Western railroad, employed Markoe & Brother, who were brokers in Philadelphia, to make sale of them. These brokers desired to offer them in New York, and for this purpose they entrusted the shares to Wister, another Philadelphia broker, who was the agent in that city of a New York firm. He sent them to his principals in New York to be sold, and they sold them and collected the money. But before they had remitted it and closed the account, Wister failed, owing the New York firm a considerable sum on account of other business. The New Yorkers then claimed to retain the amount of Wister's debt to them out of the proceeds of the shares. They alleged that it was a custom among stockbrokers when dealing with stockbrokers in other cities, to embrace all transactions between the two firms in one account, and to remit or draw for the general balance. Their counsel cited several English decisions (to be mentioned below), as showing that whoever deals through brokers is bound to make himself acquainted with brokers' usages, and argued that the New York firm had nothing to do with the original owners of the shares, but had the right to treat them as the property of the agent from whom they received them, and to hold them as security for whatever was due from him to them. But the court said that such a custom could be sustained in law only so far as it applied to shares owned by the broker sending them for sale. It could not extend to shares entrusted to him by another person. "If," said WILLIAMS, J., "there is a custom among stockbrokers, when dealing with others, to appropriate money belonging to the principal to the payment of his broker's indebtedness, the sooner it is abolished the better. A custom so iniquitous can never obtain the force or sanction of law."*

In a Nevada case† decided last year a broker sued his customer for a balance of account which included a large charge for "telegrams." The customer said he had expected to pay cost of any telegrams needful in executing his order, but the charge made was exorbitant. Broker said it was "the custom of brokers" to embrace in one message all the directions needed to be given in behalf of all the customers whose business was active at the moment, and to charge

* *Evans v. Waln*, 71 Pa. St. 69.

† *Marye v. Strouse*, 5 Fed. Reporter, 483.

each customer seventy-five cents—the rate for ten words—which is what his message must have cost if sent separately, though perhaps two or three times as much as its share of a long message combining many directions. The judge said that a broker cannot sustain charges for nominal disbursements not actually made, by pretext of a custom, unless he can prove the custom to have existed so long and become so notorious that his employer must be supposed to have known about it when he gave his order.

These decisions show that the tendency of opinion in American courts is adverse to holding a person dealing through brokers chargeable with knowledge of the uses of the Exchange. It will be easily understood that the principle is limited to strangers to the Exchange. The principle is sound and of general application that whoever becomes a member of an association, such as a brokers' board, accepts its laws and usages, so far as they are consistent with the law of the land and public policy. Whether he had specific knowledge of them before joining or not, makes no great difference; he must learn them or take the risk. And there is little doubt that a person who, though not a stockbroker by vocation, were shown to be conversant with the usage in question, would be considered bound by it. The course of decisions in English courts has been that a person who employs a broker is supposed to give him authority to act as other brokers do, whether he is acquainted with the rules by which brokers are governed or not makes no difference. The undertaking is, that the broker may buy or sell according to the usages of the Exchange, except such as may be unreasonable or illegal. A series of cases running from 1839 to 1875 sustain this view and illustrate various applications of it. In a leading case in which the principle was asserted, a customer sold, through brokers on the Stock Exchange, ten shares of stock in the bank of Overend, Gurney & Co. On the day for delivering, the purchasing broker gave up to the selling brokers the name of one Goss as the real purchaser. A rule of the Stock Exchange limited a certain period for the seller of stock to make objection to the buyer; no objection was made within such time, and the stock was accordingly transferred to Goss. But the transfer was not registered, and when Overend, Gurney & Co. not long afterward failed, the original owner was compelled to pay calls upon the shares. He then found that Goss was insolvent, and that he had been a mere "man of straw" in the transaction, the purchase having really been made on account of Sprye. But all the brokers on both sides had been ignorant of this arrangement; they had supposed Goss to be the real buyer. The original owner sued the stock jobber to whom the shares had been sold, and who had given the name of Goss as buyer, to recover from him the amount of the calls.

The stock jobber's defence was, that according to the rule of the Exchange above mentioned, the member of the Exchange who makes a purchase is not personally liable in such a case, if he gives the name of an ultimate purchaser, and objection to the sufficiency of such purchaser is not made within a certain time; and this he claimed he had done. The court sustained this defence, deciding, in substance, that even an outsider, who employs a member of the Stock Exchange to deal for him, impliedly authorizes the contract to be made according to the rules and customs of the Stock Exchange, and is bound by such rules and customs, whether he can be shown to have been cognizant of them or not.*

Not long afterward, a case was presented in which the outsider had directed his brokers to buy various stocks, July 15th being designated as the day for settling. On July 13th he requested the brokers to carry the stock until July 29th, and they consented to do so, giving him, however, a statement of account which showed him to be liable to them for a balance of about £1,700. Some days before July 29th, the brokers were in the Stock Exchange declared defaulters, and their accounts were closed as of July 18th. This led to a statement of account showing the customer chargeable with differences amounting to upwards of £6,000. For this balance suit was brought in behalf of the brokers, and the lower court (the Court of Exchequer) held that the customer was bound to pay, on the ground that the usages of the Stock Exchange—and particularly the rule that all the transactions of a defaulting member may be wound up by official assignees, at the prices current on the day before the day of his being declared a defaulter—are imported and incorporated into all contracts made by any of the public for the purpose or sale of shares through the medium of brokers or jobbers who are members of the Exchange, and are themselves bound by the usages. The court above (the Exchequer Chamber) said that the general rule was a sound one, and that for any loss incurred by a broker by reason of his having dealt according to Exchange rules which are not unreasonable, and without any fault of his, he is entitled to be indemnified by his principal. But they said that the rule ought not to be extended to consequences of an insolvency of the broker, brought upon him by want of means to meet other and independent obligations, and not ascribable to his having entered into the contracts made by him on behalf of his principal. In this case, they said, there was no failure on the part of the customer to perform any part of his agreement; there was no indication that the brokers' insolvency was occasioned by their having entered into contracts in behalf of the customer; on the contrary, they

* *Maxted v. Patne*, L. R. 6 Ex. 132.

would, apparently, have become insolvent at precisely the time when they did, if they had never been employed by the customer. There was, therefore, no justice in holding them liable for the differences shown upon the forced settlement of July 18th.*

THE CREDIT INSTITUTIONS OF ITALY.

BY DUDLEY P. BAILEY.

Some recent documents of the Italian Government furnish interesting information in regard to the credit institutions of Italy which, being of later date, may fitly supplement the information contained in the *BANKER'S MAGAZINE* for September last. There are in Italy six classes of credit institutions; the banks of emission, the societies of credit and popular banks, the societies and institutions of agricultural credit, the institutions of credit foncier, the ordinary Savings banks, and the postal Savings banks. The postal Savings banks are the most recent of these, having been instituted in 1875. The number of institutions or offices however, is very much in excess of all other institutions which receive savings deposits, being 3,259, December 31, 1879, against 221 institutions of credit and popular banks, and 358 ordinary Savings banks. The deposits too increase in geometrical proportion, and were, on December 31, 1879, 25,603,050 lire, against 11,138,759 lire in 1878. The Postal Savings banks appear to reach a class of savings not previously utilized. The average deposit is much smaller than in the other institutions, being only 108 lire to each account, against 710 lire in the ordinary Savings banks, and 990 lire in the societies of credit and popular banks. With only three per cent. of the aggregate savings deposits of the kingdom the postal Savings banks have eighteen per cent. of the depositors.

The banks of emission were noticed at length in the former article. Nearly all the other credit institutions, except the ordinary Savings banks, are of comparatively recent origin, only two originating prior to 1856. By far the greater number of these societies have come into existence within the past twelve years. Up to 1865, according to a writer in the *Journal des Economistes*, joint-stock banks were few in Italy. Outside of the National bank, the Italian Credit

* *Duncan v. Hill*, L. R. 6 Ex. 255. Other English decisions in support of the general view that the customer is bound by brokers' usages are *Sutton v. Tatham*, 37 Eng. C. L. 25; *Mitchell v. Newhall*, 15 Mees. & W. 308; *Bailiffe v. Butterworth*, 17 L. J. Ex. 78; *Bayley v. Wilkins*, 18 L. J. C. P. 273; *Coles v. Bristow*, L. R. 4 Ch. App. 3; *Hodgkinson v. Kelly*, 37 L. J. Ch. 837. See also *Weistrapp v. Solomon*, 8 Com. B. 345; *Grissell v. Bristow*, L. R. 4 C. P. 36. They are collated, with several of those mentioned in the text, in chapter 2 of *Lewis on the Law relating to Stocks, &c.*; a very convenient manual of the modern decisions of courts of both countries on dealings in public securities. Phila.: Rees, Welsh & Co., 1881.

Mobilier, and some few establishments of credit at Milan, Genoa, and Turin, there existed only societies of little importance and without appreciable influence upon the general movement of affairs. The era of political agitation and development from 1865 to 1870, was not favorable to new undertakings of this character. Still, between 1865 and September, 1870, fifty-seven societies of credit were formed, with an aggregate capital of 36,000,000 lire. All the important commercial towns, Genoa, Turin, Milan, Florence, Naples and Venice, took part in this movement. On the 20th of September Rome became the capital of Italy, and with this realization of the National aspirations, the political unrest subsided, and the active forces of the nation were applied to economic development. The year which followed unification was signalized by the formation of fifteen banks, with a united capital of 100,000,000 lire. This was, however, only the prelude of greater activity to follow. From September, 1871 to September, 1872, no less than seventy-six new societies were authorized, allowing a capital of 450,000,000 lire. Among these societies were the Italo-Germanic and Austro-Italian, each with a capital of 50,000,000. Though less rapid since that date the progress has been steady, except in 1874, when there was decline in the number of popular banks and societies of credit, from 169 to 118.

The popular banks are co-operative, agricultural and commercial, their function being especially to intervene in the small operations of commerce. They receive savings deposits and make advances to individuals or communes, upon mortgage guaranty. The variety of their operations renders real service to the community, and assures good profits. It is this which explains the favor enjoyed by these institutions. Their capital is generally small, there being only twelve with an authorized capital of 1,000,000 lire (\$200,000) each. The largest institution of the kind is the Mutual Popular Bank, of Milan, founded in 1865, and having a paid-up capital, August 31, 1880, of 7,729,291 lire, or nearly \$1,500,000. There were at that date 137 popular banks, with an authorized capital of 41,066,810 lire, of which 40,230,340 lire were subscribed, and 38,988,092 lire paid in. The accounts current and savings deposits at interest were 191,933,866 lire, and they held bills of exchange to the amount of 124,523,119 lire, with accounts current due them amounting to 31,824,985 lire. The rates of interest charged upon advances, bills of exchange, and other securities, varied between four and ten per cent., the rates paid on accounts current between two and six per cent., and on savings deposits between 2.75 and six per cent.

The societies of ordinary credit receive savings deposits and accounts current, deal in bills of exchange, make advances upon titles and merchandise, speculate in the funds, receive special deposits of valuables, and emit loan obliga-

tions. Two of these institutions have each an authorized capital of 50,000,000 lire, of which the most important, the General Society of Italian Credit Mobilier, at Florence, founded in 1863, has a paid-up capital of 40,000,000 lire; the other the Società Generale Immobiliare at Rome, founded in 1862, having only 5,000,000 lire paid in. Two other institutions, the Bank of Turin and the General Bank at Rome, both founded in 1871, have an authorized capital of 25,000,000 lire each, one-half paid in. There were on the 31st of August, 1880, forty-nine societies of credit, which had an authorized capital of 1,000,000 lire each. There were, August 31, 1880, 105 of these institutions, with an authorized capital of 319,881,814 lire, of which 285,064,164 lire were subscribed, and 179,385,303 lire paid in. Their accounts current and savings deposits amounted to 443,077,597 lire. The amount of their bills of exchange was 204,497,407 lire, and accounts current due them 125,707,944 lire. The rates of interest charged varied between 4.5 and nine per cent., and the rates paid between 1.5 and 6.12 on accounts current, and 2.5 and 5.5 on savings deposits. The 242 popular banks and societies of credit had a combined capital of 360,948,624 lire authorized, of which 325,294,504 lire were subscribed and 218,373,395 paid in. Their combined savings deposits and accounts current on interest were 635,011,463 lire, their bills of exchange held 329,020,626 lire, and sums due them on account current 157,532,930 lire.

Another important item in the transactions of these institutions is the receiving of special deposits of valuables for safe keeping. The aggregate of such deposits August 31, 1880, was 420,136,823 lire. These figures give some idea of the operations carried on by these institutions as regards their magnitude, if not their variety.

The institutions of agricultural credit are only thirteen in number, all instituted during or since 1870. They have never flourished, although the law of June 21, 1869, under which they are constituted, gave them special privileges, especially that of issuing agrarian bonds. They discount bills of exchange, make advances upon bonds of credits foncier, also upon agricultural products placed in the general and private warehouses. They open accounts current with reimbursement at fixed dates or on demand, pay taxes and cash rents for account of the proprietors, receive deposits which are exempt from sequestration or seizure. The nominal capital of these institutions August 31, 1880, was 11,750,000 lire, of which 11,687,700 lire were subscribed, and 8,456,075 lire paid in, against 4,516,708 lire of paid-up capital in 1872.

The amount of agrarian bonds in circulation, mostly in denominations of thirty and fifty lire (\$6 and \$10), was 13,427,370 lire, against 4,039,020 in 1872. The accounts cur-

rent, of which only a very small part were on demand, were 16,358,182 lire, The notes and bills of exchange were 28,032,304 lire, and sums due them on account current 3,766,338 lire. The rates of interest charged varied from five to seven per cent., and the rates paid on accounts current from 1.5 to five per cent.

There are eight institutions in Italy authorized to conduct operations of credit foncier. These are the Bank of Naples, Bank of Sicily, the Savings Bank of Bologna, the Savings Bank of Cagliari, the Savings Bank of Milan, Banco di Santo Spirito at Rome, Monte dei Paschi at Siena, and Opera Pia di S. Paolo at Turin. Several of these institutions are partly engaged in other branches of banking, and only make credit-foncier operations one branch of their business. This class of operations began to be undertaken in 1866. In respect to the magnitude of its transactions in this direction the Bank of Naples takes the lead, reporting 76,361,093 lire for the principal of its mortgage loans, and 76,004,000 lire of their own obligations in circulation. Next comes the Savings Bank of Milan, with 67,626,135 lire for the principal of its mortgage loans, and 69,359,000 lire of its own obligations in circulation. All these institutions combined report 232,683,089 lire as the principal, and 5,369,903 lire as the interest due on their mortgage loans. The vast increase in these loans appears from a comparison of their present amount with the amount, September 30, 1872, when it was 65,143,861 lire, showing an increase in eight years of 167,539,228 lire, or about 258 per cent. These institutions had in circulation, August 31, 1880, 468,356 obligations, amounting to 234,178,000 lire, an average of 500 lire to each obligation. Of these obligations, 190,504,000 were payable to bearer, and 43,674,000 to a person by name. These institutions make advances not less than \$ 200 or over \$ 100,000, to land owners on mortgage of their properties up to fifty per cent. of their value. The banks give the borrowers mortgage debentures, charging five per cent. interest and one per cent. sinking fund per annum. The greater part of the mortgages are in amounts too small for these institutions. The debenters are sometimes so depreciated in the market that the interest paid on the amount actually realized by the borrower reaches as much as eight per cent.

In no country, it is said, is the property more burdened with mortgages than in Italy. Every proprietor borrows often without measure, at heavy interest, and on conditions which, far from ameliorating his condition, provoke his destruction and consummates his ruin. The kingdom is mortgaged to about half its value, the mortgages amounting to \$ 2,600,000,000 on a valuation of \$ 6,000,000,000, and this at enormous interest, varying from nine per cent. in Piedmont to sixteen in Naples, and twenty-four in the island

of Sardinia. But some of these mortgages are actually paying thirty per cent. per annum. Three-fourths of the mortgages are on rural property, seventy per cent. of them being for a less sum than \$200 each. The amount of mortgages has increased upwards of fifty per cent. since 1862, when they stood at \$1,700,000,000. The land tax is excessive, especially in the towns where the communal tax is increased by local wants, and is added to the Government tax. Of sixty-nine provinces, forty-nine have debts amounting to \$18,014,000 in 1877, against \$11,280,000 in 1873; out of 8,326 communes, 8,297 had debts amounting in 1877 to \$141,510,000 against \$109,026,000 owed by 3,415 communes in 1873. By far the greatest part of this debt was contracted by urban communes or towns of over 6,000 inhabitants. In 1873, 253 urban communes owed \$93,439,000. In 1877, 262 owed \$123,403,500. Florence owed in 1877, \$29,904,000, or \$176.33 per capita, and is substantially bankrupt; Naples, \$21,271,000, or \$47.34 per capita; Milan, \$12,641,000, or \$48.43 per capita; Genoa, \$8,363,000, or \$51.41 per capita; and Rome, \$7,538,000, or \$32.03 per capita. In 1878, the revenues of the communes were \$17,554,000, and their expenditures \$17,574,000. The revenues of the provinces were \$17,554,000, and their expenditures \$17,304,000. By adding together the revenues of the State, the provinces, and the communes, it appears that the total burden of taxation in Italy amounted to \$371,000,000 in 1878, or about \$13.25 per capita. These are the figures given by Mr. Eugene Schuyler, Consul-General at Rome, in the last volume on *Commercial Relations*.

This heavy burden of indebtedness will greatly increase the hardships attending resumption as the debtors will have to pay in hard money where they borrowed only depreciated paper.

The Savings banks proper are the oldest of the institutions of credit, unless it be the banks of emission. They were first introduced at Venice in 1822. One of the oldest and largest of these institutions is the Savings Bank of Milan, founded in 1823. The ordinary Savings banks of Italy exercise functions more varied than with us. They are institutions of mixed credit, holding at once the character of mortgage banks, banks of commerce, and deposit banks. They are independent and autonomous. Their deposits are employed in loans and advances to agricultural, commercial and manufacturing industry. The growth of these institutions from 1825 to 1860, was as follows: .

	No. of In- stitutions.	Deposits.		No. of In- stitutions.	Deposits.	
1825	13	2,691,182 lire.	..	1845	73	28,603,002 lire.
1830	17	4,864,291 "	..	1850	86	40,030,598 "
1835	21	9,005,721 "	..	1855	99	94,398,697 "
1840	33	18,953,057 "	..	1860	126	157,205,040 "

The following table shows the annual progress of all the three classes of institutions which receive savings deposits for the eleven years 1869-79: The columns indicate respectively: 1, the number of institutions; 2, the number of pass-books; 3, the amount of deposits:

Dec. 31.	Postal Savings banks.			Institutions of Credit and Popular banks.			Ordinary Savings banks.			Totals of the Savings institutions.		
	No.	Books.	Deposits.	No.	Books.	Deposits.	No.	Books.	Deposits.	No.	Books.	Deposits.
	Lire.			Lire.			Lire.			Lire.		
1869	—	—	—	77	7,457	2,391,514	—	512,853	297,002,925	—	520,310	299,484,439
1870	—	—	—	96	11,916	4,485,228	249	571,217	348,121,009	345	583,133	352,606,327
1871	—	—	—	111	18,933	10,193,877	272	616,119	397,544,652	383	635,122	407,738,529
1872	—	—	—	137	27,703	18,845,974	283	676,237	446,513,350	420	703,940	465,359,324
1873	—	—	—	160	40,836	25,933,778	297	680,116	450,077,323	466	720,952	476,011,101
1874	—	—	—	118	28,395	55,765,654	310	705,189	467,119,807	428	767,584	522,885,461
1875	—	—	—	136	77,053	72,374,735	326	769,257	527,201,383	462	846,310	509,576,118
1876	1,989	57,449	2,413,899	152	93,420	86,766,730	351	833,760	552,754,482	2,492	984,629	641,935,111
1877	3,090	114,294	6,463,955	183	120,638	119,549,644	354	880,022	574,054,820	3,627	1,114,954	700,068,419
1878	3,194	156,737	11,138,759	215	146,145	154,322,468	357	886,947	602,183,264	3,761	1,189,829	767,644,491
1879	3,259	238,240	25,603,050	221	158,740	157,433,282	358	925,466	656,813,487	3,835	1,322,446	839,849,819

The following table shows in one view the growth of the kingdom in regard to the increase in the savings deposits, foreign commerce, paper money, discount operations of the six banks of emission, and prices of the National securities.

Year.	Population of the Kingdom.	Total Savings Deposits.	Imports for consumption.	Exports of domestic produce.	Circulation of paper money on account of the State and the banks.	Annual movement of the loan and discount operations of the six banks of issue.	Mean annual premium on gold.	Mean annual price of consolidated stock at Paris.	Mean annual price of consolidated stock at Genoa.
		Millions lire.	Millions lire.	Millions lire.	Millions lire.	Millions lire.	Per cent.	Per cent.	Per cent.
1861	21,777,334	—	—	—	—	—	—	72.04	—
1862	21,929,176	—	830.03	577.47	—	—	—	70.50	70.78
1863	22,104,789	188.41	902.18	633.86	—	—	—	71.87	72.04
1864	22,291,180	200.03	983.78	573.46	—	—	—	67.58	67.65
1865	22,483,620	224.94	965.17	558.28	—	1,013.3	—	65.44	65.19
1866	22,703,195	224.71	870.05	617.69	612.45	—	7.81	50.91	55.41
1867	25,372,780	217.69	885.91	739.97	837.03	1,000.0	7.37	49.83	53.45
1868	25,495,972	276.55	806.57	787.10	903.70	1,090.1	9.82	51.70	55.62
1869	25,734,274	299.58	916.52	791.59	902.05	1,268.2	3.04	55.59	57.22
1870	25,912,600	352.61	895.72	756.28	995.35	1,582.9	4.50	54.32	57.35
1871	26,807,154	407.74	963.70	1,085.46	1,263.58	1,536.7	5.35	58.85	62.53
1872	26,994,338	465.36	1,186.61	1,167.20	1,430.53	1,898.2	8.66	68.36	73.75
1873	27,165,553	476.01	1,286.65	1,133.16	1,523.17	2,265.2	14.21	63.08	71.35
1874	27,289,958	522.88	1,304.99	985.46	1,582.12	2,124.1	12.25	65.55	73.19
1875	27,482,174	599.58	1,215.31	1,013.68	1,607.42	2,104.3	8.27	71.81	77.66
1876	27,769,475	641.93	1,327.22	1,216.84	1,641.85	1,813.4	8.27	71.02	77.38
1877	28,010,695	700.07	1,156.26	956.19	1,629.75	1,813.9	9.63	70.74	75.92
1878	28,209,620	767.64	1,070.64	1,045.30	1,678.99	1,761.7	9.42	70.42	78.84
1879	28,409,000	839.85	1,261.65	1,106.92	1,744.10	2,112.2	11.19	78.99	85.94
1880	—	—	1,224.85	1,130.65	*1,667.45	—	—	—	—
			20,163.81	16,896.36					

The total special foreign commerce amounted in these nineteen years to 37,060,370,000 lire, equal to \$7,152,600,000.

* Oct. 31. The issue on account of the government has remained uniform at 940,000,000 lire since 1875.

The excess of imports for the same period amounted to 3,267,250,000 lire, equal to \$ 630,579,000. If the accumulations of interest on the excess of imports from year to year be added they will bring the total up to about \$ 1,000,000,000, which may be taken as a rough estimate of the foreign debt of the kingdom. This is about half the National debt. If the sum required to pay the annual interest on this debt be estimated at \$ 50,000,000, it will constitute an important element to be considered in determining the feasibility of maintaining specie payments. Notwithstanding the heavy burden of debt estimated at twenty-five per cent. of the National capital and of taxation estimated at thirty-five per cent. of the income of the people, the kingdom makes steady though slow progress in the accumulation of wealth. This is shown not only by the growth of the foreign trade, when a series of years is taken together, but by the steady increase in the savings deposits.

FOREIGN IDEAS OF AMERICAN LAW AND FINANCE.

People in this country certainly have the idea, whether they are justified in having it or not, that the importance of the United States must induce political and economical writers in Europe to keep themselves tolerably well informed as to what is going on here in respect to matters having an international interest. We are vain enough to suppose that it is, for example, of some consequence to the world what the condition of American law as to finance and currency may be, and especially of some consequence to such a city as London, whose banking and commercial relations encompass the globe. But we infer from an elaborate article in the London *Economist* of February 5, that writers there pick up their information about the United States as loosely and indifferently as they would pick up information about Tunis or Siam. In the article referred to, out of a multitude of statements, it is only a small fraction which have any reasonable approximation to accuracy, and many of them shoot as wide of the mark as the West is from the East.

The *Economist* says that the Government notes are "convertible on demand into gold;" that since January 1, 1879, the Treasury keeps a "gold reserve" to ensure this convertibility; that these notes were "formerly greenbacks" but are "now called legal tenders;" that because they are "equivalent to gold" they are now "held by the banks as the chief part of their cash reserves;" that the Act of Congress of

February 28, 1878, created "standard or trade silver dollars of $412\frac{1}{2}$ grains;" that these dollars "are in the market worth considerably less than the gold dollars;" that "therefore they rapidly accumulate in the vaults at Washington, so much so, indeed, that the present stock is over sixteen millions sterling" (\$80,000,000); that "on the other hand, the quantity of small (token) silver coins is exceedingly insufficient, and keeps alive the small fractional (greenback) notes, in use before 1879;" that by the Act of February 28, 1878, "the issue of small silver coins was limited to ten millions sterling;" that the object of this limitation was "to keep open the widest field for the absorption of the monthly coinage" of the $412\frac{1}{2}$ -grain silver dollars; that the Secretary of the Treasury has the discretion of "permitting portions of the Sub-Treasury coin to be held or deposited at interest in selected banks;" and that "during the two years since January, 1, 1879, there has been added about twelve millions of persons to the population of the remote West and South."

The *Economist* winds up with the following note of alarm: "But the important consideration for ourselves is, that 1881-2 are as likely to be years of extensive Western settlement and enterprise as 1879-80; and that to the fifty-seven millions sterling (of which fifty are in gold), already gone principally to these regions during the last two years, it is certain that some amount of gold approaching fifty millions, native and foreign, is pretty certain to be absorbed in the same quarters in 1881-2."

Without doubt, an absorption of £100,000,000 or \$500,000,000 in gold by "the remote West and South" in the four years ending with 1882, would be an "important consideration" for Englishmen, and so it would be for a good many others. It would drain off the last dollar of what the *Economist* calls the "gold reserve" of the United States Treasury, and leave the banks on the Atlantic with no other metal than silver. Our remote interior shows a good capacity to absorb money, and we are glad of it, because it is a proof of thrift and prosperity; but this absorptive capacity has not yet reached a point which threatens the financial stability of the Government at Washington, or of our seaboard States.

The question was formerly asked whether anybody in England ever read an American book. The question might now be asked whether anybody in England ever reads American laws, or American official documents of any kind. If reading of the latter kind was at all common there, it would seem to be hardly possible that such accounts of our currency system, as we have copied above, could be printed in London and vouched for as presenting "the facts in detail," "and in a full and authentic form."

VALUE OF CITY AND SUBURBAN LANDS.

Speculators in American city and suburban real estate naturally like to know the current valuations of similar property in Europe. Anything like an accurate comparison is, of course, not possible, without a knowledge, which is possessed by few persons, of the peculiar circumstances of the localities which are compared. But general ideas may be obtained which will be of some interest.

We published about a year ago, an account of the prices of land in Paris at different periods, commencing in 1825, and brought down to a recent date.

The London *Times* had among its advertisements one of a Berlin Land Company, of which the following is the material portion :

Die Berliner Grundbesitz-actien-Gesellschaft (The Berlin Freehold Land Company) is a company incorporated to acquire landed property in Berlin, and to develop the same by laying out streets and preparing building sites.

In order to pay off the balance of purchase money for several tracts of freehold building lands, the company executes a first mortgage upon 347,349 square meters, or thereabouts, of their property (equal to about eighty-six English acres), valued, after making allowance for streets and public squares, etc., at about 14,840,000 marks, or £742,000, and situate between the Schönhauser Allée and the Prenzlauer Allée, in the City of Berlin, and within about ten minutes' drive of the commercial center of the city, wherein are the Bourse or Public Exchange, and Berlin Mansion-house (Rathhaus).

The lands which are the object of the present mortgage have been recently inspected and valued by Mr. Metzger, Master Mason to the Berlin Corporation and Sworn Expert to the Courts, a copy of whose certified valuation is annexed to the prospectus; the total estimated present value of the property, valued at from £ 2 2s. to £ 2 13s. per square meter, or £ 30 to £ 37 10s. per square rod (taking the average value per square meter) amounts to about £ 742,000.

* * * * *

As will be seen by the certified valuation referred to, the present estimated value of the company's lands is justified by a comparison with the selling prices realized for land in the City of Berlin, which vary from £ 1 1s. to £ 3 3s. per square meter, or £ 15 to £ 45 per square rod, in the suburbs, up to £ 42 per square meter, or £ 600 per square rod, in the best parts of the city.

* * * * *

A new and important street is now in course of construction by the Municipality of Berlin, named the Kaiser Wilhelm Strasse, being a continuation of the well-known boulevard Unter den Linden, and leading direct to the company's property. It may be fairly anticipated that the new and direct communication thereby obtained with the most valuable part of the town, where the square meter of land is reported to be valued at £ 42 per square meter, or £ 600 per square rod, must most favorably influence the company's business and rapidly increase the value of their property.

The tramways in the Schönhauser Allée and Greifswalder Strasse are within three to five minutes' walk of the company's property, while a new tramway, right through the same, is in contemplation.

* * * * *

Bondholders have the option of taking up land at the rate of £ 2 2s. per square meter.

Unless land companies in Berlin differ from such companies elsewhere, we may safely enough assume that their accounts have a *couleur de rose* aspect, and are to be taken with some grains of allowance. In this case, the distance of the advertised property from the "commercial center of the city" is given, not in miles, kilometers, or rods, but by the time, "ten minutes," within which the distance can be driven over. Any tolerably careful reader will understand that a distance described in that way depends essentially upon the animal which is driven and who drives him. A more definite statement is, that the land is "within three to five minutes' walk" of certain "tramways," which is the English designation of street railroads.

A square meter contains about $10\frac{1}{4}$ square feet, so that the company's valuation of its land, at a range of £2 2s. to £2 13s. per square meter, is equivalent to a valuation per square foot ranging from ninety-three to 119 cents.

So far as this advertisement undertakes to give the value of property in Berlin, of which it is not the owner, the statements made in it may be taken without any special suspicion. As will be seen, it gives the value of land "in the best parts of the city" at £42 per square meter, which is equivalent to \$18.55 per square foot.

Berlin, as the capital of the new German Empire, has very much enlarged its former dimensions. Its population was 700,000 in 1870, and is now computed at 1,100,000, although it has felt very severely the depression in business and prices since 1873.

In comparing the selling prices of real estate in European and American cities, account must be taken of the difference between the rates of interest prevailing here and there, although this difference is much less marked than it formerly was. Ten years ago, a property yielding \$1,000 of net annual income in London would have been salable at a price twice as great as a property in New York yielding the same net income. We see no evidence that there is to-day any difference of that kind, in a comparison of Berlin with either Philadelphia, New York, or Boston. Capital is accumulating in America much more rapidly than in Europe, and it is a common opinion that the time is not distant when the rate of interest will be in many of our cities as low as even in London. If it turns out to be so, the effect upon the selling prices of city property in this country is too obvious to require any comment. Selling prices may rise, even if ground rents fall, provided the current rates of interest fall more than rents.

[CONTRIBUTED.]

HOW MONEY MEASURES VALUES.

Whenever the use of a common medium of exchange, which is the primary idea of money, has superseded barter, the exchange in the market of services, commodities, and property of all kinds, for money, is termed *a sale*, and the amount of money received in return is called *the price* of whatever is sold. The market value of things is thus naturally and ordinarily stated in terms of money, and hence comes the familiar phrase that money is the measure of values. But nothing really happens in any case of the use of money, except that a certain quantity of a given commodity is voluntarily exchanged for a given quantity of money. In such a transaction the money does truly measure the value of the commodity, but only in the same sense that the commodity measures the value of the money.

From the fact that the market value of things is commonly expressed in terms of money, that is to say, by stating how much money they can be sold for, the most ordinary and convenient way in which we are accustomed to apprehend the value of commodities, relatively to each other, is to compare their respective prices. When wheat is one dollar per bushel and corn half a dollar per bushel on the same day and in the same market, the relative value of the two grains is generally stated by giving their respective prices, rather than by saying that wheat is worth twice as much as corn, measure for measure. Some writers say that this brings everything to a common denominator, which is money, and that sufficiently well describes it.

Money, as a measure of the value of other things, is frequently likened to the yard stick which measures the length of a piece of cloth. There is no particular fault to be found with that illustration. In any case of illustrating one thing by another somewhat analogous thing, it is sufficient that there should be leading points of resemblance, and the illustration is not necessarily to be condemned because there are some points of diversity.

The measuring of a piece of cloth with a yard stick is done by placing the stick against the cloth. The operation makes no change in the ownership of either the cloth or the stick, and the length of the piece of cloth which is ascertained by the operation is not merely its length on the day when, or at the place in which the operation is performed, but will be its length on any subsequent day, or at any place where the same operation may be repeated.

In measuring the value of a commodity by selling it, or buying it, there is a change of ownership of both the commodity and the purchase money. The market value in money of the commodity, and at the same time the market value in that particular commodity of the money, is ascertained by the transaction, but only for the day and at the place where it occurs, and not for all days and places. The operation of measuring the money value of a commodity, or in other words, of ascertaining the price of a commodity, is an exchange in the market of the commodity for money, and that necessarily shows how much money is the market equivalent for the commodity. All this seems too plain to require any iteration or amplification, but like everything else relating to money, it has been confused by the endless misconceptions and jugglings with language, of writers upon such subjects.

Some writers of really considerable merit have fallen into the error of supposing that the fact that money must have a value equivalent to that of the commodity for which it will exchange, and the fact that money has the function of measuring the value of things, are two facts, when they are only two expressions of one and the same fact. Money can measure things in no other way than by being exchanged for them in the market, upon the basis of an equivalency which is determined between buyers and sellers, from whose concurring judgment upon the question of equivalency there is no possibility of an appeal to any other tribunal.

Thus, Chevalier (*Fall of Gold*, section 2, chapter. 1) says of money :

It serves in exchanges as a common measure of value, because it is with it that, in transactions, all other commodities are compared. But it is not merely a measure; it figures in exchanges in another capacity, that of a material recompense or equivalent. The twenty *francs* with which a *hectolitre* of wheat can ordinarily be bought, and which are also at the present moment the price of a *hectolitre* of common wine in many departments, give the measure of the value of the wheat and wine, as compared with other commodities of which the price is known; but they do more, they serve, at the moment of the transaction, and in the market where it takes place, as an equivalent for the *hectolitre* of wheat or the *hectolitre* of wine. Money is not a sign, and it is no more true to say that the twenty *francs* are the signs of the *hectolitre* of wheat or the *hectolitre* of wine, than it would be to pretend that the *hectolitre* of wheat or wine is the sign of the twenty *francs*. The definition of the word money which I have given, namely, that it is at once a measure and an equivalent, is that which is acknowledged by all modern authorities.

The same idea, that two separate and independent conditions are imposed upon money, by the requirement that it shall be "at once a measure and an equivalent," is distinctly found, although less broadly stated, in the following defini-

tion of money given in Lord Liverpool's letter to the King (1805) on the coinage:

The money or coin of a country is the standard measure by which the value of all things bought and sold is regulated and ascertained; and is itself, at the same time, the value or equivalent for which goods are exchanged, and in which contracts are generally made payable.

As exchanges in the market, between money and commodities, are the voluntary acts of rational beings, the things exchanged must have the same market value, determined, as all market values are, by supply and demand, and by what has been described as "the chaffering between buyers and sellers." There is nothing mysterious about the use of money in the market, or which differs in any essential principle from the exchange of one commodity for another. In both cases, there is an interchange of two things between two parties, on terms agreed to by both, and not until each of them has, in some way satisfactory and convincing to himself, arrived at the conclusion that he cannot at the same time and place obtain better terms. The buyer gives the least amount of money which will command the commodity which he wants, while on the other hand the seller does not part with the commodity until he receives the largest obtainable price. It is in this way that the value of each is compared with that of the other, and may be expressed in terms of the other, and in respect to the commodity always is expressed in terms of the other. This measuring of a commodity by money is a measuring of their respective values, so much money for such a quantity of the commodity, and the equation is determined by the infallible test of the market. If there is anything which it would seem to be impossible to mystify by subtlety and metaphysics, it is value in exchange, which is merely a market fact, which all men may readily know, either by going into the market themselves, or by obtaining the market quotations. In the sense of any sound economical discussion, the popular saying that "anything is worth what it will bring," embodies all the possible wisdom on the subject, and it is equally true *e converso* that money is always worth at any given time and place whatever can then and there be purchased with it.

Many writers confuse themselves by a distinction of money into two kinds, a value money and a non-value money. It will not be possible for anything without value to be money, until it is possible to find markets in which men congregate for the purpose of making a gratuitous distribution of their commodities. No such markets will ever be found, because, from the nature of things, they can never exist. Whatever is accepted as money in the market is, by the mere fact of such acceptance, conclusively proved to possess value at the time and place, since men carry their commodities to market

for the purpose of selling them and not for the purpose of giving them away. Money can measure commodities in no other way than by being exchanged for them, and it must therefore possess value, inasmuch as men will not part with one value without receiving another in return.

Those who distinguish between a value money and a non-value money, must certainly attach to the term *value* some meaning which is not recognized in economical discussions, but it is not always easy to understand precisely what this added or varied meaning is. At some times they say that the value which money must have, in order to be a value money, is a "real" value, and at other times they say that it is an "intrinsic" value, and at still other times they say that it is a "commercial" value, in the sense of a value recognized in international trade. It is apparent that they mean by "real" and "intrinsic" value, in some cases, the value of the material of which money is made, and in other cases the possession of qualities practically and substantially useful in other employments than as money. But whatever they may intend by these phrases, or by any similar phrases, they give to the term *value* a meaning which it does not possess as it is used in economical discussions. The value of anything in exchange, is the value which it will actually command in the market at the time and place of the exchange. Value in exchange means precisely that, and nothing more. The value of a thing is not what it ought to command in the market, but what it does command as a matter of fact. Articles may and do have value in the market which are not merely destitute of any really useful quality, but which are positively hurtful and mischievous to mankind. Articles may have value, when the material of which they are made is worthless from abundance, or other cause; and they may have value in some markets and at some times when they possess none in other markets and at other times. What is true in these respects as to commodities, is equally true as to services, which often possess a market value, when they possess no real or intrinsic value, and even when they are degrading to those who perform them, and demoralizing or physically injurious to those for whom they are performed. Theological, medical, literary, and other mountebanks, whom most men of sense would take considerable pains to avoid, do nevertheless often obtain high degrees of remuneration for the tricks of their respective avocations. The vendors of no commodity, and of no species of service, however useless or injurious, or even vile, are excluded from the benefit of the rule that everything is worth what it will bring.

There is nothing new under the sun, and the disputations about the nature of money which are carried on to-day, are the same which are known to have been carried on as

far back as we have any account of the reasonings and discussions of mankind. In what purports to be a dialogue of Socrates, we find him referring to the leather money of Carthage, the iron money of Sparta, and the pebble money of Ethiopia, and explaining to his hearers that such money, although without value in other places, would, like gold and silver, command everything in the places where it was current, and therefore possessed in those places a value which was of the same nature as that of gold and silver.

The "commercial" value of any species of money, in the sense of its value in foreign countries, may or may not have an indirect effect upon its value in a home market; but after all, it is the actual value of such money in the home market, as determined by all the various causes which control value, which either does or ought to influence buyers and sellers in that market. The price of wheat in New York on any given day is determined by the stock on hand, the current receipts, the anticipated crops, and many other circumstances of which the demand of exporters is one, but it is the actual price, however controlled, which a purchaser must pay. It is the same with money. Its value in New York on any given day is what it will then buy in that market, although among the circumstances which determine how much it will buy, may be its purchasing power elsewhere.

It is sometimes said of money that, in addition to its being a measure of the value of any commodity for which it is exchanged, it has another distinct and independent function as a scale of valuation, in the case of a transaction of mutual buying and selling between two parties, when there is no transfer of money from either party to the other. This is the vain refinement of making distinctions where there is no difference. There can be no market ascertainment of the money value of a commodity, except by the concurring agreement of a seller to accept a certain price, and of a buyer to pay it. Such an agreement is in no wise affected by an additional agreement, which is often made, that the payment of the price may be deferred and remain a debt charge for a certain time. Nor is it affected by an express agreement or a tacit understanding that the seller will in turn purchase an equal amount from the buyer. Nor is it affected by the circumstance, if it actually occurs, that the seller does on the spot purchase an equal amount from the buyer. There can be no item of debt or credit in a mutual account of that kind, which does not arise out of a complete sale. In respect to every item of it, money has performed its office of measuring the value of the commodity, by being accepted in exchange for it, in precisely the same way in which it would have performed that office, if there had been only one single act of buying and selling between

the parties. In transactions involving mutual sales and purchases, it never enters into the conception of the parties themselves, that they are making any unaccustomed use of money as a scale of valuation. They conceive themselves to be engaged in nothing except the familiar acts of buying and selling, and their conception of the case is exactly the right one.

Money is frequently said to be "the standard of value," which is not incorrect, provided nothing more is intended by it, or understood by it, than that money is a measure of the value of commodities and of services at the time and place of its exchange for them. But oftentimes the phrase "standard of value" is intended to mean, or is accepted as meaning, that money is something which never varies, and that when there is a fluctuation of general prices, the change of value is always in the things sold, and never in the money for which they are sold. John Locke, two centuries ago, described that error as common in his time, although, as he said :

If you increase or lessen the quantity of money current in traffic in any place, then the alteration of value is in the money.

Money being looked upon as the standing measure of other commodities, men consider and speak of it still as if it were a standing measure, although when it has varied its quantity it is plain it is not.

A bushel or other measure, with the capacity of a prescribed number of cubic inches, will always hold the same quantity of wheat, but there never yet has been found any unit of money, pound sterling, dollar, franc or rupee, whether made of gold, silver or paper, which will always buy the same quantity of wheat. The change is sometimes in the conditions surrounding the supply and consumption of the wheat, sometimes in the money and sometimes in both. Money is not a "standing measure" like a bushel, but it is a measure by being the accepted medium of exchange for which everything is sold, and which, in turn, will buy anything which is for sale, so that the market values of everything at any given time and place are expressed in terms of money—that is to say, by their prices. But prices are fixed only by actual exchanges, and only for the time and place where such exchanges are made. There can be no other intelligible idea of the value of a medium of exchange than its purchasing power, as determined and expressed by the general range of prices, which is subject to constant and sometimes very great fluctuations.

OBSERVER.

THE GERMAN LAW OF BILLS OF EXCHANGE.

By condensation of a semi-official abstract of the German law on bills of exchange, drawn up recently by Mr. Crowe, Consul-General at Dusseldorf, pursuant to directions from Lord Granville, we are enabled to present a trustworthy general statement of the existing law on the subject.*

The German law is at the present time substantially the same as that which was enacted by the Parliament of the North German Confederation, on June 5, 1869, and was extended to the German Empire April 16, 1871, and to Alsace-Lorraine June 19, 1872.

PARTIES.

Any person capable of contracting generally may be a party to a bill of exchange, and becomes liable with all his property, but there is no imprisonment for the debt. If two or more unite in drawing one bill, each is liable for the whole, irrespective of partnership, marriage, etc., between them. If one of a number of drawers of a bill is a person incapable of contracting, his incapacity does not affect the obligation of others.

FORM AND REQUISITES.

Every bill of exchange must contain appropriate words to show that it is intended as a bill—"wechsel" is the customary word in bills drawn in the German language. It must also express: 1. A definite sum to be paid; 2. The name of a payee; 3. A time of payment (but such expressions as "at sight," "so many days after sight," or "after date," are allowable); 4. A place where payment is to be made (unless payment at the residence of the drawee is intended, in which case naming that implies that it is to be there paid); 5. The name of the drawee; 6. A date (that is, the place and day of the month and year where the bill is made); and, 7. The subscription by the drawer. In general, if either of these essentials is wanting, the writing has not the peculiar privileges and obligations of a bill of exchange. But one may draw a bill to his own order, or may, at one place, draw a bill upon himself making it payable at another. There are special rules for any variance in the statement of the sum; thus, if it is expressed in letters and again in figures, and these differ, the letters are preferred.

There must also be a delivery of the bill, to render it obligatory.

INDORSEMENT.

Transfer by indorsement is freely allowed; and, generally, indorsement with delivery transfers all rights to the indorsee,

*The abstract mentioned is published in the London *Bankers' Magazine*, for January, 1881.

including the right to indorse further. There may be an indorsement even to drawer or acceptor, not, however, with effect to enable him to sue an indorser. And, by writing on the face of the bill, when made, such words as "not to order," a drawer may prevent indorsement, and a holder of a bill thus restricted, who obtained it directly from the indorsee, has no claim against him. The general effect of indorsement is that the indorser is liable to each subsequent holder for acceptance and payment. A distinction is, however, recognized as to time of indorsement, in that when it takes place after the expiration of the time of grace antecedent to protest, the indorsee acquires the rights inherent in the bill as against the drawee and as against those who indorsed the bill after the expiration of the grace; but if the bill was protested before indorsement, the indorsee acquires only the rights of his indorser against the acceptor, the drawer, and those who indorsed up to the moment of protest. And an indorser is not liable as such if he adds to his indorsement the words "without guaranty," or "obligo," which correspond to "without recourse."

Indorsement may be made for the purpose of collection only; for this the usual form is to qualify it by the phrase "*pro incasso*" or "*in procura*." An indorsement which, by any such words, indicates that only an agency is intended, does not transfer the ownership, but empowers the indorsee to receive the proceeds, or (if payment is withheld) to make protest, give notice to prior indorsers and bring suit.

ACCEPTANCE.

Presentment of a bill for acceptance is necessary only when the instrument is payable at or after sight. The consequence of neglecting this presentment within two years after the bill was drawn, is losing all claim to recover from indorsers and drawer. Mere possession entitles the holder to present for acceptance and to protest for refusal. An agreement, even, that a bill shall not be presented at once is invalid, except in the case of a bill payable at a fair or market; as to such the understanding is, that the bill will be presented at the time legally customary in the fair or market.

If acceptance of a bill at or after sight is refused or cannot be obtained, the holder must make protest, and the time reserved for payment "after sight" runs from the day of protest. The consequence of neglecting to protest is the loss of the right to recover from drawer or indorser.

Acceptance must be in writing and on the bill; and when once made it cannot be withdrawn. It may be for part only of the sum. It may be accompanied by other restrictions, in which case the acceptor is liable to the extent of his acceptance only, and for all matters beyond that the bill is treated as if acceptance had been refused—that is to

say, the holder failing to obtain full acceptance must present the bill to the drawer at maturity for payment, and, if the bill should be dishonored at this presentment, protest it. If the place of payment designated in the bill differs from the residence of the drawee, the latter, on accepting, should note this on the bill, or, if he does not, he assumes to pay at the place designated.

SURETY.

Peculiar rules exist by which indorsers and drawers may be required, on receipt of a protest for non-acceptance, to give surety (or to deposit money) that the bill (or, in case of a partial acceptance, the portion which was not accepted) shall be paid at maturity. This surety is liable, not only to the holder demanding, but to subsequent indorsers. He is discharged whenever complete acceptance of the bill has been obtained, or when a year from the maturity of the bill has elapsed without suit brought against the demandant of the security, or when payment has been made, or whenever the bill has lost force as such. And security may be claimed upon even an accepted bill, under certain circumstances of bankruptcy or insolvency of the acceptor.

PAYMENT.

Grace, upon payment, is not allowed. There are precise rules for determining the day on which the money becomes payable under various forms of bills. Thus if payment is called for in the middle of the month, the 15th day is the day for payment; if the beginning or ending of a month, then the first or last day. A bill at sight is payable on presentment. In respect to bills payable after sight or after date, if the time is expressed in days, it is reckoned by excluding the day on which the bill was presented or was drawn, respectively; if in weeks, months, etc., the bill matures on the day of the week or month corresponding in name or number with that of the draft or presentment; or if, in the case of time expressed by months, there are not in the month in which the bill matures, days enough to meet this rule, then maturity occurs on the last day of that month. A bill drawn payable at a fair or market is payable on the day prescribed by the special law of the fair or market in question, or if there should be none, on the day before it closes.

Surrender of the bill, receipted, is obligatory on the holder when the debtor pays the whole amount. If the latter offers part payment, the holder cannot refuse it, but he is not bound to surrender the bill, the debtor can only claim that the payment made should be noted on the bill and a receipt acknowledged on a copy of it.

If the holder does not claim payment at maturity, the law

allows the acceptor, after the lapse of time allowed for a protest for non-payment, to deposit the amount for the holder, and at his risk and cost.

RECOVERY FOR NON-PAYMENT.

Presentment for payment, at maturity, and protest for non-payment, which may be made on the day of maturity or on the first or second day afterwards, are, in general, essential as a basis of recovery against drawer or indorser, but are not necessary as against an acceptor. But bills payable at a particular domicile must be so presented, and protest for non-payment made against drawers, indorsers and acceptors alike. Presentment to acceptor, and protest are, however, privileges of drawer and indorser, and may be remitted, as for instance, by request, but a request not to protest a bill, while it is a remission of the obligation to protest, does not excuse from making a demand.

The holder of a bill protested for non-payment is bound, within two days after protest, to give information in writing or mail a notice of non-payment to his immediate prior indorser. Each prior party must, within the same space of time, reckoned from the day of his receiving the information, notify the party next above him. A holder or indorsee who neglects this duty becomes liable to compensate prior parties, or those whom he has passed over, for any loss resulting to them from his neglect, and loses, as against them, all claim to interest and costs, being entitled to claim only the amount of the bill. The holder of a bill protested for non-payment may sue one or more of prior parties without losing his claim against others—he is not bound to follow the order of the indorsements.

The claims of a holder who protests a bill for non-payment, or of an indorser who pays a bill or receives it as a remittance, as against a prior indorser or the drawer, are: 1, the amount, plus six per cent. interest from maturity; 2, costs of protest and other expenses; 3, commission of one-third per cent.; the whole with exchange in favor of the plaintiff if he lives elsewhere than at the place of payment. These rules do not forbid recovery of higher rates when the action is brought in a foreign place by the laws or customs of which higher rates are allowed.

ACCEPTANCE OR PAYMENT FOR "HONOR"

If a bill protested for non-acceptance be addressed at the place of payment to an address "in case of need," surety can be claimed only after acceptance at the need-address. A holder is not bound to admit an acceptance for honor by a person not named on the bill as a need-address. The usage is for an acceptor for honor to claim delivery of the protest for non-acceptance, on making payment of the costs, and to

note on a slip attached the fact of the acceptance for honor. He must inform the party honored of his having intervened, and send him the protest; and his communication, including the protest, must be sent by mail within two days after protest, or he becomes liable for the resulting damage. If he does not name the party for whom he accepts, he is considered as accepting for the drawer. He becomes liable on his acceptance to all holders after the drawer. But his liability ceases if the bill should not be presented for payment on the second business day (at latest) after maturity. Surety may be claimed in certain cases, upon acceptance of a bill for honor, but this privilege is limited.

If on a bill, or a copy of a bill, not honored by the drawee, there are "need-addresses," *i. e.*, names of persons who may become acceptors *supra* protest, or an acceptance for honor at the place of payment, the holder must present the bill, at the latest, on the second business day after maturity, to all the "need-addresses" and to the acceptor for honor, and must note the result on the protest for non-payment, or on a slip appended to it. Neglect so to do involves a loss of all claim against the acceptors for honor and their successors. If the holder refuses an offer of payment from another intervening party, he loses his claim against the successors, payment for honor is not made until after protest, nor until the bill has been presented to all the need-addresses, and the fact of non-payment by them has been noted on the protest. If the first need-address, though at first engaging to pay, should finally refuse, a protest for non-payment should be made within two days, and the bill presented to the next need-address. Whoever pays for honor is entitled to delivery of the bill and protest for non-payment, on his refunding the costs; and his payment installs him in the rights of the holder, as respects the amount he may recover against the party honored, or his prior holders and the acceptor.

Among several need-addresses or payers for honor preference is given so as to free the greatest number of parties otherwise liable.

One who has accepted for honor, but who is not called upon to pay because the drawee or some other intervenor has made payment, is entitled to claim, from the party paying, a commission of one-third per cent.

DUPLICATE BILLS.

One who purchases a bill of exchange is entitled, on demanding them, to duplicates described as first, second, third. Likewise an indorser may claim a duplicate; for which purpose he should apply to the holder immediately before him, the latter to the holder immediately before him, and so on back to the drawer. Any indorsee can require

the indorser to him to repeat his indorsement on the duplicate. For most purposes payment of one of the duplicates extinguishes the others; but resort to them is allowed for certain claims, regulated by special rules.

LIMITATIONS.

The right to sue the acceptor of a bill expires after the lapse of three years, dating from the day of maturity.

The right of a holder to bring suit against drawer and prior holder, or the right of an indorser who has been charged as such to sue the drawer and indorsers prior to himself, is limited; 1, to three months, when the bill is payable in Europe, excepting Iceland and the Faro Islands; 2, to six months, when the bill is payable in the countries bordering the coast of Asia and Africa, or the Mediterranean and Black Seas, or in the islands of those seas; 3, to eighteen months, when the bill is payable in other non-European countries, in Iceland, or the Faro Islands. The terms limited for suit by a holder begin to run on the day of protest. The terms limited for suit by an indorser begin to run on the day of payment by him, or the day of his receiving a writ.

FOREIGN LAWS.

In general, the capacity of a foreigner to incur liability in regard to bills of exchange is determined by the law of his own country. Yet a foreigner incapable by the law of his own country, to be, there, a party to a bill, may be, upon assuming draft-obligations in Germany, held liable there in so far as by German law he is capable of being a party to a bill. The essentials or sufficiency of a bill drawn in a foreign country are judged by the law of the place of making. The same principle is asserted as to declarations on bills drawn abroad; yet if such declarations made abroad are in accord with German law, but not with the law of the foreign country in which they were made, their invalidity there will be no reason why declarations afterwards made in Germany on the same bill should not be enforced in Germany. Again, declarations wherever made, by which a German engages his liability to a German abroad, are obligatory if they conform to the requirements of German law. The steps to be taken upon a bill drawn upon a place out of Germany, to preserve the rights and liabilities upon it, are governed by the foreign law.

PRESENTMENT AND PROTEST.

Precise rules are prescribed to govern the time, place and manner, of demanding acceptance or payment, or of making protest; but as these matters are necessarily entrusted to German agents, notaries, etc., the details would be without interest to American readers.

THE GREAT OPPORTUNITY.

The United States now has within its grasp a great opportunity which, if allowed to pass unimproved, is not likely to recur under equally favorable circumstances. With a policy adequate to the emergency at the approaching Monetary Conference at Paris, supplemented by corresponding legislation at home, this country may, at one stroke, settle the silver question and the question of international coinage for years, perhaps centuries.

Let us examine the elements of this problem for a moment. After a brief period of anti-silver legislation, coincident with a period of world-wide bankruptcies, disasters and depression in trade, the nations which formerly adhered to the double standard are beginning to awake to the ruinous consequences attending the abandonment of so important an instrument of commerce as silver. With the concurrence of this country, the prospect looks favorable for adopting a common international ratio for gold and silver, and again opening the mints of most countries to the free coinage of both metals. The action of this country may be such as to establish bimetallism on a permanent basis. A narrow and exclusive policy may render all the negotiations fruitless.

The solution of the silver question depends upon mutual co-operation among the nations favoring the double standard. Isolated action cannot cope with an operation of this magnitude. Such co-operation might, in a measure, be attained without making the currencies of the different countries interchangeable; but a system of international coinage would certainly assure greater confidence in the stability and permanence of remonetization, and is, therefore, very closely identified with it. If it cannot be said that the two stand or fall together, it is at least true that they will stand much more firmly united. International coinage of the two metals at a common ratio would give so effective a support to the double standard, that no ordinary assaults could overthrow it.

As to the standard to be adopted circumstances indicate that of the franc and its multiples as the most feasible.

Already there are grouped under monetary systems assimilated to the franc sixteen different States, having a population of 116,000,000, and a foreign trade in 1878 of \$2,979,428,000, being more than two and one-half times the foreign commerce of the United States in that year, and more than one-fifth the foreign trade of the entire globe. The monetary system of France, based upon the metric system, now rapidly coming into universal use, has been gradually and silently winning its way in the world for the past half

century. No other system is common to so many important divisions of the earth. It needs but the adhesion of the United States, with its 50,000,000 inhabitants and vast and increasing commercial interests, to give this system the certain promise of universality.

If a system of international coinage were to be devised anew with sole regard to ideal perfection, there are several particulars in which an improvement might be made on the system adopted by France and her allies. But in such a matter it is impossible to ignore facts which already exist. International coinage can be realized, if at all, only by pursuing the path of least resistance. The assimilation of the dollar to the five-franc piece offers the easiest and shortest road to the assimilation of the world's currencies on the basis of the double standard with free coinage of gold and silver.

Of the two great systems of coinage based respectively upon the dollar and the franc, the former, according to the last report of the Director of the Mint, is represented by a metallic circulation of about \$600,000,000, the latter by one of about \$2,000,000,000, or nearly four times the former. The aggregate of debts and financial transactions to be readjusted, if the United States were to make the proposed change, would not probably be more than one-half what would be required of France and her allies in assimilating their currency to ours.

In 1868 Secretary (then Senator) Sherman introduced into Congress a bill to accomplish this result, accompanied with an able report in which he uses the following language: "As the nation most interested in international coinage, we should be ready to yield something to secure that object. By the plan proposed we yield nothing except the very small reduction of the weight of our standard, and without any other change in our coins, multiples, divisions, devices or alloy." In view of the fact that we had less gold in actual circulation than any other great commercial nation, he thought it unreasonable for the United States to demand that our dollar should be the standard of value. In spite of the large increase in our coin circulation since that date, this reasoning in its main features still holds good. That was a much more favorable time for the proposed change than the present, as the present is a more favorable opportunity than the future is likely to be. But the measure failed. Objection was made that the gold five-franc piece did not bear precise relations to the weights of the metric system. In aiming at an ideal system of international coinage, the legislators of that day defeated the adoption of any system, just as they are in danger of doing again.

In the existing state of affairs, international coinage must be realized, if at all, by adopting, among existing monetary

systems, the one which, all things considered, is the best in itself and most extensively used. The choice practically lies between two systems—one based on the American dollar, the other on the franc and its multiples. To establish a new system of coinage not assimilated to either, so far from being a step in the direction of international coinage, would be a wholly gratuitous and useless addition to the too numerous monetary systems already existing.

As the greatest producing region of silver this country has great interests depending upon the permanent use of this metal as money. If any country in the world can have an adequate motive for enduring the inconveniences resulting from a change in the monetary standard, it is this country. These inconveniences are often greatly exaggerated. The readjustment of some eight or ten billions of public, private and corporate indebtedness, the recoinage of our metallic currency and the adoption of the new standard in all business transactions, would, indeed, be an undertaking of no small magnitude, and will be growing greater with every year of delay. But such an undertaking would be a mere bagatelle by the side of the stupendous financial revolution which has transpired in this country within the past twenty years. The latter has been triumphantly met. The former need not be feared. The results will fully compensate for the temporary inconvenience incurred. For all future time, the laborious computations required in translating values expressed in one currency into another, will be at an end. It will be a trifling matter to reduce any given number of francs to dollars when one dollar is just equal to five francs instead of five $\frac{2}{3}$ francs as at present. Simplicity and ease in the conversion of one currency into another becomes a matter of increasing importance as international trade expands in magnitude.

Under international coinage imported foreign coins could enter at once into circulation, saving the delay, expense and loss of recoinage. There were lately over \$60,000,000 of these coins in process of conversion into bars awaiting recoinage. In December last, quite a serious stringency was produced by locking up in the New York Assay Office about \$11,000,000 of English coin and bullion. Bankers could not buy bills of exchange drawn against the shipments of breadstuffs, and the result was a large grain blockade and quite a decline at Chicago and elsewhere in all kinds of breadstuffs.

The reasons which demanded the substitution of our present National currency for the antiquated and inconvenient system of pounds, shillings and pence, formerly in use, summon us to "go up higher." When an international coinage is once fully established, the inconveniences of the transition (which will be but temporary and are less now than they can ever be again) will soon be as completely forgotten as are those

produced by the change from pounds, shillings and pence to dollars. In exchange for a temporary inconvenience resulting benefits will be felt in ever-widening circles for all future time. The situation offers vast and far-reaching possibilities if American statesmanship can but rise to the level of the international idea.

B.

MUNICIPAL BONDED DEBTS.

Mr. Robert P. Porter, of the Census office, and in charge of the special department of "Wealth, Debt and Taxation," has prepared the following table of the bonded debts (making no deductions for sinking funds) of cities containing 7,500 inhabitants and upwards:

State.	No. of cities.	Population.	Total bonded debt.	Per capita.
Maine.....	8	116,098	\$ 11,635,550	\$ 100 22
New Hampshire...	5	81,242	2,952,400	36 34
Vermont.....	2	23,513	607,900	25 85
Massachusetts.....	39	1,122,084	73,696,019	65 68
Rhode Island.....	6	181,554	11,424,756	62 93
Connecticut.....	15	295,300	12,846,564	43 52
New York.....	28	2,550,157	207,742,881	81 46
New Jersey.....	13	503,071	38,578,350	76 69
Pennsylvania.....	29	1,505,705	95,258,134	63 26
Delaware.....	1	42,499	1,372,450	32 29
Maryland.....	1	332,190	34,516,417	103 91
Virginia.....	7	155,956	10,705,177	68 64
West Virginia.....	1	31,266	506,500	16 20
North Carolina....	1	17,361	530,500	30 56
South Carolina....	2	60,039	4,775,451	79 54
Georgia.....	4	100,860	8,387,000	83 15
Florida.....	1	9,890	—	—
Alabama.....	3	55,448	3,492,500	62 99
Mississippi.....	1	11,814	373,217	31 59
Louisiana.....	2	227,157	15,968,570	70 30
Texas.....	6	92,026	3,141,662	34 14
Arkansas.....	1	13,185	178,694	13 15
Kentucky.....	5	198,830	10,321,500	51 91
Tennessee.....	4	99,636	1,583,400	15 89
Ohio.....	21	760,363	38,291,926	50 36
Indiana.....	12	252,823	6,958,700	27 52
Illinois.....	22	770,244	18,590,680	24 14
Michigan.....	13	279,409	5,109,775	18 29
Wisconsin.....	11	227,988	3,683,650	16 16
Iowa.....	10	152,576	2,749,309	18 02
Minnesota.....	4	107,647	2,991,911	27 79
Missouri.....	6	467,871	26,178,449	55 95
Kansas.....	4	55,618	1,524,777	27 42
Nebraska.....	2	43,522	428,535	9 85
Colorado.....	2	50,450	—	—
Nevada.....	1	13,705	112,000	8 17
Oregon.....	1	17,578	76,500	4 35
California.....	6	324,097	7,055,115	21 77
Total.....	300	11,350,772	\$ 664,346,913	\$ 58 53

Geographically considered, the bonded indebtedness of the cities and towns of the United States, containing 7,500 inhabitants and upward, is as follows;

States.	No. of cities.	Population.	Total bonded debt.	Per capita.
Eastern.....	75	1,819,791	\$ 113,163,183	\$ 62 18
Middle.....	72	4,933,622	377,468,232	76 51
Southern.....	38	1,073,468	59,964,171	55 86
Western.....	115	3,523,891	113,751,327	32 28

In the report of the State of South Carolina the indebtedness of the City of Columbia (\$600,000) is not included. The report of the State of Tennessee does not include the (repudiated) indebtedness of the City of Memphis, which is estimated at about \$5,000,000. The cities of Colorado and Florida have no bonded debt. The bonded indebtedness of New York City amounts to \$136,407,434; of Chicago to \$13,043,000; and of Louisville, Ky., to \$8,079,000.

The rates of interest paid range from three to twelve per cent. per annum. The total amount bearing each rate of interest is as follows:

At three per cent., \$983,100; at four per cent., \$21,458,835; at four and one-half per cent., \$4,688,150; at five per cent., \$98,642,017; at five and one-half per cent., \$515,000; at six per cent., \$304,206,158; at six and one-half per cent., \$1,551,104; at seven per cent., \$188,265,829; at seven and three-tenths per cent., \$16,385,550; at seven and one-half per cent., \$356,500; at eight per cent., \$18,864,007; at nine per cent., \$11,000; at ten per cent., \$6,157,623; at twelve per cent., \$112,000; rate not specified, \$2,250,040. The debt upon which the rate of interest is unspecified is as follows: Mobile, Ala., \$325,500; New Orleans, La., \$25,840; Shreveport, La., \$246,700; Baltimore, Md., "guaranteed debt," \$1,492,000.

The highest rates of interest prevail in the Western and Southern States. No New England State, and only one, Pennsylvania, of the Middle States, pays a higher rate than seven per cent. Bonds at the rate of ten per cent. are outstanding in the several Southern States as follows: Virginia, \$2,000; Georgia, \$52,000; Louisiana, \$299,000; Texas, \$1,134,200; Arkansas, \$21,331; Kentucky, \$106,000. The only Western State whose cities and towns do not pay as high a rate as ten per cent. is Ohio. The municipal indebtedness bearing ten per cent. interest in other Western States is divided as follows: Indiana, \$257,900; Illinois, \$715,130; Michigan, \$607,600; Wisconsin, \$174,511; Iowa, \$118,000; Minnesota, \$170,100; Missouri, \$1,267,224; Kansas, \$390,442; Nebraska, \$403,535; Oregon, \$76,500; California, \$231,000. Virginia City, Nev., pays twelve per cent. on her \$112,000 of bonded indebtedness. The only municipal bonds at nine per cent. are \$5,000 in Illinois and \$6,000 in Minnesota.

In eight of the Southern States bonds are outstanding at eight per cent. as follows: Virginia, \$3,679,901; North Carolina, \$324,300; South Carolina, \$933,000; Alabama, \$718,000; Mississippi, \$5,400; Louisiana, \$98,550; Texas, \$971,700; Kentucky, \$255,000. In Pennsylvania municipal indebtedness is outstanding to the amount of \$333,143.

In the Western States municipalities have issued bonds at eight per cent. as follows: Ohio, \$4,318,923; Indiana, \$922,700; Illinois, \$1,471,525; Michigan, \$1,401,900; Wisconsin, \$378,900; Iowa, \$308,100; Minnesota, \$948,125; Missouri, \$927,225; Kansas, \$74,000; Nebraska, \$25,000; California, \$768,000.

Of the entire municipal indebtedness of the country, aggregating \$664,346,913, the amount at seven per cent. is \$188,265,829, and the amount at six per cent. is \$304,206,158. The only States which have not borrowed money on account of municipalities at six per cent. are Florida, Mississippi, Nebraska, Colorado, Nevada, and Oregon. The only municipal bonds bearing so low a rate of interest as three per cent. are \$983,000, of which \$859,000 were issued in Virginia, and \$124,000 in West Virginia.

CURRENT EVENTS AND COMMENTS.

ACTIVITY IN LOCOMOTIVE WORKS.

Business in the several large locomotive and car shops East is brisk. The Mason locomotive works are giving constant employment to 800 men, and the Taunton locomotive works to 300, while the Wason car works at Springfield are employing 600 hands, and are turning out one passenger and five freight cars per day. The New York, New Haven and Hartford car shops are turning out the last of 400 freight cars for their quota in the Union freight line. In other sections of the country there is similar activity. The Harrisburg, Penn., car shops are hurrying to completion the last of an order for 1,000 freight cars received from the New York Central last October, and have just received another order from the same road for 1,550 more cars. Of 105 new engines recently ordered by W. H. Vanderbilt, 80 are to be built at Schenectady and 25 by the Grant Works at Paterson. Of recent orders for freight cars, the Texas Pacific is having 650 built at Huntington, Penn.; the Missouri Pacific, 1,100 at Stanton, Penn., and the Northern Pacific, 1,500 at Dayton, O.; while the Connotton Valley has also ordered 1,000 cars.

MINNEAPOLIS FLOUR MILLS.

Although Minneapolis is already the largest flour-producing center, one of the leading mills there is being enlarged to a capacity of 4,200 barrels daily. The daily out-turn of the mills having a capacity of 1,000 or more barrels a day is given as follows:

Washburn A.....	4,200	..	Petit.....	1,000
Washburn C.....	1,650	..	Standard.....	1,000
Pillsbury A.....	4,000	..	Northwestern.....	1,000
Crown Roller.....	3,000			
Total for seven mills.....				15,650

Nineteen other mills, ranging in capacity from 800 barrels each down to seventy-five barrels, give a grand total of 24,275 barrels. The St. Paul *Pioneer Press* says that the Minneapolis millers have done an exceedingly prosperous business during the winter.

TOBACCO IN NORTH CAROLINA.

Tobacco cultivation and manufacturing in North Carolina is yearly growing in importance. Durham, the principal manufacturing center, has ten factories, which produce about 5,480,000 pounds of smoking and chewing tobacco annually. Winston, which ranks next, has eleven factories, whose annual production is about 3,000,000 pounds. In Reidsville there are seven factories, whose annual yield is in the neighborhood of 1,650,000 pounds. The 1880 leaf crop of the State is estimated to be from 50,000,000 to 52,000,000 pounds.

FROZEN AUSTRALIAN MEAT.

Late mail advices from Australia are to the effect that at a recent meeting at Melbourne, of the Australian Frozen Meat Company, a report was presented stating that the company was resolved to prosecute the undertaking. The arrangements for refrigerating were acting admirably, and the shipment was not expected to result in loss. It was intended to put up a machine five times the power and capable of freezing 2,500 sheep.

PROFITS OF BRITISH STEAM NAVIGATION.

The London *Statist*, of Feb. 12, published the dividends of twelve British steam navigation companies, being all the companies whose accounts are published. These twelve companies, which do not include any owning lines between Liverpool and New York, have a paid-up capital of £8,420,615, on which the average rate of last year's dividends was 5.4 per cent. The *Statist* adds: "There are several large and important concerns whose shares are never quoted on any stock exchange; their shares are in the hands of a few holders, who are, to all intents and purposes, partners in a big firm, and the only occasion on which such shares might appear in the market would be in case of division of the estate of one of the holders among his heirs and legatees, and even then the business would probably be done by private arrangement. As we have more than once remarked, large firms have a decided tendency to transform themselves into joint-stock companies for reasons of private convenience. The Cunard, the Inman, and the Orient are the most conspicuous examples of this kind of company; the shares of the Cunard are dealt in, but no public statements of its accounts are made. Then there is the not inconsiderable number of private ship-owning houses, doing a small business, it may be, but a successful one, as well as the larger private concerns, such as Messrs. Donald Currie & Co."

THE RUSSIAN WHEAT CROP.

An Odessa grain circular, dated January 24, gives the following statement of some facts which are not likely to be changed very soon, and which tend to disable Russia from competing with the United States in the sale of grain: "The total amount of exports of grain and seed for the year 1880 is 3,849,140 chets (2,771,400 qrs.), against 7,721,539 chets (5,559,500 qrs.) in 1879. Thus, there is a falling off in this year, compared with that which preceded it, of more than 50 per cent. This enormous difference, to the disadvantage of the trade of Odessa, mainly arises from the badness of the harvest, and the paucity of the yield in almost every breadstuff, except maize. But, although this is the capital, it is not the only cause; there are others which are really more serious, because they are of a permanent and not of an accidental character like a bad harvest. . . . The wheat, to begin with, is badly grown, badly harvested and badly dressed. The soil being full of weeds, there is always a large percentage of seeds mixed with the wheat, and the agriculturists being unprovided with the proper implements for dressing, or barns for storing their corn, it is brought to market heavily charged with earth, which holds the damp and causes more or less deterioration in the grain. . . . But, besides all this, the country is so ill-equipped for the purposes of commerce—the roads are so few and so bad—that the grain, besides being dirty, is dear in consequence of the heavy charges for carriage and shipping, with which, owing to the want of proper appliances, it is saddled. . . . Now, it is quite evident that America can forward into Europe any quantities of grain that the markets can absorb, and therefore, unless Russian wheats can be produced to equal the American in quality and to exceed them in price, the grain trade of Russia is doomed. The united export deficits of Odessa and Nicolaieff for the year 1880, as compared with 1879, are about six millions of chets, so that the business of these two places alone, without calculating that of other ports of Southern Russia, shows a falling off in the last year to the value of upwards of six millions sterling."

THE LAW OF ACCOMMODATION INDORSEMENTS.*

Callahan v. First National Bank of Louisville.

Chief Justice COFER delivered the opinion of the Court as follows :

The appellee brought this action against W. L. Weller & Son as makers, and the appellant, James Callahan, as indorser of a negotiable note.

It was alleged in the original petition that before the maturity of the note Callahan indorsed it to the appellee; that the bank discounted it for him; that it was duly presented at maturity at the Bank of Kentucky, where it was payable and payment demanded and refused, and regularly protested, and notice thereof given to Callahan.

Callahan denied that he indorsed the note to the appellee, or that it discounted it for him. He also denied protest and notice.

In an amended petition the appellee alleged that "Callahan wrote his name across the back of the note and handed it back to W. L. Weller & Son, and the note was discounted at plaintiff's bank by W. L. Weller & Son, and the proceeds of said note was carried to the credit of W. L. Weller & Son."

The law and facts were submitted to the Court and judgment was rendered for the plaintiff against Callahan. From that judgment he appeals, and assigns eighteen errors, the most of which are mere heads of arguments in support of the counsel's theory of the case, and obscure rather than elucidate the real questions involved.

When the original and amended petitions are considered together, the allegations are, in substance, these: That Weller & Son made a negotiable note payable to Callahan; that Callahan indorsed his name on the back of the note, and returned it to them, and that they presented it to the appellee and had it discounted for their own benefit.

Can the bank recover against Callahan on these facts alone? We think not.

The note upon its face imported an indebtedness of the makers to Callahan, but being in the makers' hands it did not import an obligation at all. Callahan's indorsement on the back of the note showed that it had been in his hands, but how or for what purpose it came again into the hands of the makers did not appear. The most reasonable conclusion is, we admit, that he indorsed it for their accommodation. This, however, is a mere inference of fact, and not a presumption of law. The presumption of law is, that it was paid, and the liability of the indorser, if any had ever existed, was extinguished. (*Long & Roberts v. Bank of Cynthia*, 1 Litt. 290; *Beebe v. Real Estate Bank*, 4 Ark. 546; *Bank v. Hammett*, 50 N. Y. 158.)

There is nothing inconsistent with this conclusion in *Woolfolk v. Bank of America* (10 Bush, 504), *Young v. Harris* (14 B. Mon. 556), or *Rogers v. Poston* (1 Met. 643). In each of these cases it distinctly appeared that the paper in contest was indorsed for the accommodation of the person by whom it was delivered to the holder. That fact being established, no doubt could exist as to the liability of those who had indorsed the paper and delivered it to the person intended to be accommodated, to be used by him to raise money or to take up his out-standing obligation. But the fact that it was indorsed for accommodation must appear by appropriate allegation, and without such allegation no cause of action can be shown, and the defect will not be cured by verdict.

That Callahan indorsed for the accommodation of Weller & Son, the note having been discounted for them, was the very foundation of the appellee's case. Unless that be shown, his obligation created by the indorsement appears to have been extinguished before the time at which the bank received the

* An abstract of this decision was given in our last number. By special request we have obtained and now publish the opinion in full.

note, and it can no more recover without showing some fact to rebut the legal presumption arising from the possession of the note by the makers than if his name had not appeared on the note at all.

We perceive no valid objection to the demand, protest, or notice, but for the reasons indicated the judgment is reversed and cause remanded for further proper proceedings.

Bennett & Noble, Lane & Harrison for appellant.

A copy—Attest: T. C. Jones, C. C. A. By E. W. HINES, D. C.

FINANCIAL LAW.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

INDORSEMENT—EXTENSION OF TIME OF PAYMENT UPON USURIOUS CONSIDERATION, DISCHARGES—DEFENCE OF USURY PERSONAL TO DEBTOR.—An agreement by the holder of a past-due promissory note with the maker, and without the knowledge or consent of the indorsers, for an extension of the time of payment for a definite period, in consideration of an usurious premium, paid in advance, discharges such indorsers, and the holder of the note, for the purpose of continuing the liability of the indorsers, cannot set up that the contract of extension was upon a usurious consideration and therefore void. In *Ready v. Huebner*, 46 Wis. 692, it was held that "the defence of usury is personal to the debtor, his privies in blood or estate, or privies in the contract." The defence of usury is so far personal to the borrower, and those in privity with him, that the creditor in this case, after having received the usurious premium, could not, the next day, by alleging his own usurious agreement and the benefits he had received by virtue of it, have maintained an action upon this note against the maker and the sureties. In the language of Reade, J., in *Scott v. Harris*, 76 N. C. 205: "It was not for the creditor to say that the contract was usurious. His conscience takes fright at a danger which may never approach him. The debtor may plead usury or not at his pleasure, and unless and until he does so, the note which was given for the usury is valid, and a part of it has already been paid in goods. The contract was sufficient to prevent the sureties from paying the debt and suing the principal; and that is the wrong of which they have the right to complain. If, then, the creditor's hands were tied by receiving the usurious premiums until after the period of the extension had expired, there would seem to be no escape from the conclusion that the indorsers were thereby discharged. *Myers v. Bank* 78 Ill. 257; *Whittmer v. Ellison*, 72 id. 301; *Austin v. Darwin*, 21 Vt. 38; *Turrell v. Boynton*, 23 id. 142; *Bank v. Woodward*, 5 N. H. 99; *Cox v. Ry.*, 44 Ala. 611; *Kensingham v. Bedford*, 1 B. Monr. 325; *Armistead v. Ward*, 2 Patt. & H. 504. Wisconsin Supreme Court, December 17, 1880. *Hamilton v. Prouty*. Opinion by CASSODAY, J.

WHEN INDORSER AFTER MATURITY NOT LIABLE.—The indorsement of a note after maturity is in effect the drawing of a new bill, payable on demand; and to hold the indorser, demand and notice of non-payment are essential. *Stuart v. Redfield*, 13 Kans. 550. After the indorsement of a note after maturity, J., the indorser, held the note in his care and custody for B., the indorsee, and at her instance, from March 1, 1874, to January 11, 1875, for safe-keeping in a bank of which J. was the president and cashier. The indorsee took actual possession of the note on January 11, 1875, and brought an action thereon against the maker. Failing to collect all the judgment from the maker, or the mortgaged property, on May 11, 1878, an action was brought against J. as indorser. No other demand was made than the institution of the suit on January 11, 1875, no notice of non-payment was given, and such notice was not waived. *Held*, that the indorser was not liable. *Braine v. Spaulding*, 52 Penn. St. 247 distinguished. Kansas Supreme Court, July term, 1880. *Shelby v. Fudd*. Opinion by HORTON, C. J.

ALTERATION—INSERTION OF PLACE OF PAYMENT IN NOTE MATERIAL.—The insertion of a place of payment in a promissory note, after its execution, is a material alteration, which will discharge an indorser. In *Brown v. Straw*, 6 Neb. 536, this Court has laid down the rule: "After an instrument is completed and delivered no alteration can be made therein, except by the consent of the parties." This, of course, means a material alteration, and that is material which may become material. But as to whether the insertion of a place of payment, where none was contained in the note when executed and delivered, is such a material alteration as will vitiate the note, was settled by the Court of Errors of New York in 1821, in *Woodworth v. Bank of America*, 19 Johns. 392, where it said: "The rule that a man is not to be held to a contract which has been varied without his assent is perfectly well settled; and if an instance can occur where it ought to be applied with peculiar strictness, it is that of a surety, in which favorable light the plaintiff in error is entitled to be viewed (10 Johns. 538), and in my view it is wholly immaterial whether the indorsee has been prejudiced by the alteration or not. The case of *Ludlow v. Simms*, in this Court (2 Cai. Cas.), confirms this proposition, and is not less conformable to strict justice than to the rules of law. It was there held, by the unanimous opinion of this Court, that a surety was not bound beyond the strict terms of his contract, and although in that case the deviation from those terms was not shown to be injurious, but on the contrary, was probably beneficial to the surety, yet he was discharged by it." Nebraska Supreme Ct., Nov. 10, 1880. *Townsend v. Star Wagon Co.* Opinion by COBB, J.

NEGOTIABLE INSTRUMENT—BILL OF EXCHANGE—ACCEPTANCE—DUTY OF AGENT.—An agent for the collection of a bill of exchange is liable, if he fails to notify his principal when such bill has been duly presented and acceptance according to its tenor refused. Certain bills of exchange, addressed to "Walter M. Conger, Secretary Newark Tea-Tray Company, Newark, N. J.," were forwarded to the defendant bank for collection, without special instructions from its principal, or any information which might qualify or explain the import of the bills upon their face. The bills were duly presented to Walter M. Conger, and were accepted in writing across their face, as follows: "Accepted. Payable at the Newark National Banking Company. Walter M. Conger." Held, in view of the facts, and in view of the decisions of the courts of the State in which the drawee of the bills resided, and where they were to be accepted and paid, and of concurrent decisions elsewhere, that the defendant did not commit any breach of duty in taking the acceptance in this form. *Walker v. Bank of New York*, 9 N. Y. 582; *Bank of Washington v. Triplett*, 1 Pet. 25; *Kean v. Davis*, 1 Zab. 683; *Moss v. Livingston*, 4 N. Y. 208; 1 Dan. on Neg. Instr., § 455d; *Burlingame v. Brewster*, 79 Ill. 515; 22 Am. Rep. 177, and note. United States Circ. Ct., New Jersey. *Exchange National Bank of Pittsburgh v. Third National Bank of New York.* Opinion by MCKENNAN, C. J., 4 Fed. Rep. 20.

—**RECITALS IN—OMISSION OF NEGOTIABLE WORDS—DECISIONS OF STATE COURTS ON COMMERCIAL LAW—BONA FIDE HOLDER.**—(1) Neither the fact that a note is payable to an administrator, nor that it recites that it was for value received, "being for a part of the third payment on the Goree plantation, as per agreement of the fourteenth February, 1874," destroys its negotiability, or subjects it to the conditions of that agreement. It is well settled that a note omitting the words "or order," is not negotiable unless it contains other words of like import; but this has been changed in Tennessee by statute, and neither those nor any equivalent words are necessary. (2) While no decision or statute of a State restricting or impairing the rights and remedies secured to the citizens of the several States under the general commercial law, or divesting the Federal Courts of their cognizance of those rights and remedies, is binding on those courts, statutes which enlarge the commercial law will be enforced. They are not confined to the commercial law as it exists outside such statutes. (3) Nothing less than actual knowledge of the facts relied on to establish the defence of a failure of considera-

tion, or bad faith, can defeat the right of a *bona fide* holder for value to recover on a negotiable note. Mere knowledge of suspicious circumstances, which, if followed up by inquiry, would develop the fact, is not sufficient in the Federal Courts, although the rule is otherwise in Tennessee. The facts in this case would not, it seems, defeat the recovery in the Tennessee State courts; certainly not in this Court. *Burchett v. Stocock*, 2 *Ld. Raym.* 1545; *Bailey v. Rawley*, 1 *Swan*, 295; *Baxter v. Stewart*, 4 *Sneed*, 213; *Ryland v. Brown*, 2 *Head*, 270; *Merritt v. Duncan*, 7 *Heisk.* 156; *Goodman v. Simonds*, 20 *How.* 343; *Murray v. Lardner*, 2 *Wall.*; *Wolf v. Tyler*, 1 *Heisk.* 313; *Muir v. Jenkins*, 2 *Cranch's C. C.* 18; *Gerard v. La Corte*, 1 *Dall.* 194; *Sawst v. Tyson*, 16 *Pet.* 1; *Keary v. Farmers & Merchants' Bank*, *id.* 89; *Watson v. Turpley*, 18 *How.* 517; *Dromgoole v. Farmers & Merchants' Bank*, 2 *id.* 241; 1 *Am. Law Rev. (N. S.)* 211, 226; *Gregg v. Weston*, 7 *Biss.* 360; *Oats v. Nat. Bk.*, 100 *U. S.* 239; *Broderick's Will*, 21 *Wall.* 503; *Gaines v. Fuentes*, 92 *U. S.* 10. *United States Circ. Ct., W. D. Tennessee*, Oct. 13, 1880. *Bank of Sherman v. Apperson & Co.* Opinion by HAMMOND, D. J., 4 *Fed. Rep.* 25.

THE FUNDING BILL.

Following is the full text of the Funding bill as passed by Congress in February and vetoed by President Hayes :

AN ACT 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 and a-half per centum per annum, which may hereafter become redeemable; provided, that in lieu of the bonds authorized to be issued by the Act of July 14, 1860, 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 to an amount not exceeding \$400,000,000 of denominations of \$50 or some multiple of that sum, which shall bear interest at the rate of three per centum per annum, payable semi-annually, redeemable at the pleasure of the United States after five years and payable twenty years from date of issue; and also Treasury notes to an amount not exceeding \$300,000,000 of denominations of \$10, or some multiple of that sum not exceeding \$1,000, either registered or coupon, bearing interest at a rate not exceeding three per centum, payable semi-annually, redeemable at the pleasure of the United States after one year, and payable in ten years from the date of issue; and no Treasury note of a less denomination than \$100 shall be registered. The bonds and Treasury 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; provided further, that interest upon the six-per-cent. bonds hereby authorized to be refunded shall cease at the expiration of thirty days after publication of notice that the same have been designated by the Secretary of the Treasury for redemption. It shall be the duty of the Secretary of the Treasury, under such rules and regulations as he may prescribe, to authorize public subscriptions at not less than par to be received at all depositories of the United States and at all National banks and such other banks as he may designate, for the bonds and for the Treasury notes herein provided for, for thirty days before he shall contract for or award any portion of said bonds or

Treasury notes to any syndicate of individuals or bankers, or otherwise than under such public subscriptions; and if it shall happen that more than the entire amount of said bonds and Treasury notes, or of either of them, has been subscribed within said thirty days, he shall award the full amount subscribed to all persons who shall have made *bona fide* subscriptions for the sum of \$2,000 or less, at rates most advantageous to the United States, and the residue ratably among the subscribers in proportion to the amount by them respectively subscribed, at rates most advantageous to the United States.

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 Treasury notes herein authorized for any of the bonds of the United States outstanding and uncalled bearing a higher rate of interest than four and a-half per centum 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 Treasury notes issued; and the bonds so received and exchanged in pursuance of the provisions of this act shall be cancelled and destroyed. 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.

SEC. 3. The Secretary of the Treasury is hereby authorized and directed to make suitable rules and regulations to carry this act into effect; and the expense of preparing, issuing, advertising and disposing of the bonds and Treasury notes authorized to be issued shall not exceed one-half of one per centum.

SEC. 4. The Secretary of the Treasury is hereby authorized, if, in his opinion, it shall become necessary, to use temporarily not exceeding \$50,000,000 of the standard gold and silver coin in the Treasury in the redemption of the five and six-per-cent bonds of the United States, authorized to be refunded by the provisions of this act, which shall from time to time be repaid and replaced out of the proceeds of the sale of the bonds or Treasury notes authorized by this act, and he may at any time apply the surplus money in the Treasury not otherwise appropriated, or so much thereof as he may consider proper, to the purchase or redemption of United States bonds or Treasury notes authorized by this act. Provided, that the bonds and Treasury notes so purchased or redeemed shall constitute no part of the Sinking Fund, but shall be canceled.

SEC. 5. From and after the first day of July, 1881, the three-per-centum bonds authorized by the first section of this act shall be the only bonds receivable as security for National bank circulation, or as security for the safe keeping and prompt payment of the public money deposited with such banks; but when any such bonds deposited for the purposes aforesaid shall be designated for purchase or redemption by the Secretary of the Treasury, the banking association depositing the same shall have the right to substitute other issues of the bonds of the United States in lieu thereof; provided that no bonds upon which interest has ceased shall be accepted, or shall be continued on deposit as security for circulation, or for the safe keeping of the public money; and in case bonds so deposited shall not be withdrawn, as provided by law, within thirty days after interest has ceased thereon, the banking association depositing the same shall be subject to the liabilities and proceedings on the part of the Comptroller, provided for in section 5,234 of the Revised Statutes of the United States. And provided further, that section four of the Act of June 20, 1874, entitled "An Act fixing the amount of United States notes, providing for a redistribution of the National bank currency, and for other purposes," be, and the same is hereby repealed; and sections 5,159 and 5,160 of the Revised Statutes of the United States be, and the same are hereby re-enacted.

SEC. 6. That the payment of any of the bonds hereby authorized after the expiration of five years shall be made in amounts to be determined from time to time by the Secretary of the Treasury at his discretion, the bonds so to be paid to be distinguished and described by the dates and numbers, beginning

for each successive payment with the bonds of each class last dated and numbered; of the time of which intended payment or redemption the Secretary of the Treasury shall give public notice, and the interest on the particular bonds so selected at any time to be paid shall cease at the expiration of thirty days from the publication of such notice.

SEC. 7. That this act shall be known as "The Funding Act of 1881," and all acts and parts of acts inconsistent with this act are hereby repealed.

VETO OF THE FUNDING BILL.

TO THE HOUSE OF REPRESENTATIVES :

Having considered the bill entitled "An Act to facilitate the refunding of the National debt," I am constrained to return it to the House of Representatives in which it originated, with the following statement of my objections to its passage. The imperative necessity for prompt action and the pressure of public duties in this closing week of my term of office, compel me to refrain from any attempt to make a full and satisfactory presentation of the objections to the bill.

The importance of the passage at the present session of Congress of a suitable measure for the refunding of the National debt, which is about to mature, is generally recognized. It has been urged upon the attention of Congress, by the Secretary of the Treasury and in my last annual message. If successfully accomplished it will secure a large decrease in the annual interest payment of the nation, and I earnestly recommend, if the bill before me shall fail, that another measure for this purpose be adopted before the present Congress adjourns.

While, in my opinion, it would be wise to authorize the Secretary of the Treasury, in his discretion, to offer to the public bonds bearing three and a half per centum interest in aid of refunding, I should not deem it my duty to interpose my constitutional objection to the passage of the present bill if it did not contain in its fifth section provisions which, in my judgment, seriously impair the value and tend to the destruction of the present National banking system of the country. This system has now been in operation almost twenty years. No safer nor more beneficial banking system was ever established. Its advantages as a business are free to all who have the necessary capital. It furnishes a currency to the public which, for convenience and the security of the billholder, has probably never been equaled by that of any other banking system. Its notes are secured by the deposit with the Government of the interest-bearing bonds of the United States. The section of the bill before me which relates to the National banking system, and to which objection is made, is not an essential part of a refunding measure.

[Here the President quotes section 5th and then proceeds :]

Under this section it is obvious that no additional banks will hereafter be organized except possibly in a few cities or localities where the prevailing rates of interest in ordinary business are extremely low. No new banks can be organized and no increase of the capital of existing banks can be obtained except by the purchase and deposit of three-per-centum bonds. No other bonds of the United States can be used for the purpose. The one thousand millions of other bonds recently issued by the United States and bearing a higher rate of interest than three per centum, and therefore a better security for the billholder, cannot after the 1st of July next be received as security for bank circulation. This is a radical change in the banking law. It takes from the banks the right they have heretofore had under the law to purchase and deposit as security for their circulation any of the bonds issued by the United States, and deprives the billholder of the best security which the banks are able to give by requiring them to deposit bonds having the least value of any bonds issued by the Government. The average rate of taxation

of capital employed in banking is more than double the rate of taxation upon capital employed in other legitimate business. Under these circumstances, to amend the banking law so as to deprive the banks of the advantage of securing their notes by the most valuable bonds issued by the Government will, it is believed in a large part of the country, be a practical prohibition of the organizing of new banks and prevent the existing banks from enlarging their capital. The National banking system, if continued at all, will be a monopoly in the hands of those already engaged in it who may purchase Government bonds bearing a more favorable rate of interest than the three-per-centum bonds prior to next July.

To prevent the further organization of banks is to put in jeopardy the whole system by taking from it that feature that makes it, as it now is, a banking system free upon the same terms to all who wish to engage in it. Even the existing banks will be in danger of being driven from business by the additional disadvantages to which they will be subjected by this bill.

In short, I cannot but regard the fifth section of the bill as a step in the direction of the destruction of the National banking system. Our country, after a long period of business depression, has just entered upon a career of unexampled prosperity. Withdrawal of the currency from circulation by the National banks and the enforced winding up of the banks in consequence would inevitably bring serious embarrassments and disasters to the business of the country. Banks of issue are essential instruments of modern commerce. If the present efficient and admirable system of banking is broken down, it will inevitably be followed by a recurrence to other and inferior methods of banking. Any measure looking to such a result will be a disturbing element in our financial system. It will destroy confidence and surely check the growing prosperity of the country.

Believing that a measure for refunding the National debt is not necessarily connected with the National Banking law, and that any Refunding Act will defeat its own object if it imperilled the National banking system or seriously impaired its usefulness, and convinced that section five of the bill before me would, if it should become a law, work great harm, I herewith return the bill to the House of Representatives for that further consideration which is provided for in the Constitution.

RUTHERFORD B. HAYES.

Executive Mansion, March 3, 1881.

THE RECENT SURRENDER OF BANK CIRCULATION.

The following statement shows the legal tenders deposited by the National banks for the purpose of retiring their circulation, from February 21st to March 8th, both inclusive, classified by States, the cities of New York, Philadelphia and Boston being given separately:

Philadelphia.....	\$ 2,590,800	..	Maryland	\$ 72,000
Pennsylvania, exclusive		..	New York City.....	2,843,849
of Philadelphia....	2,083,300	..	New York, exclusive of	
Boston	1,034,100	..	N. Y. City.....	1,934,600
Massachusetts, exclusive		..	New Jersey.....	837,000
of Boston	81,000	..	Indiana	1,080,000
Connecticut.....	1,675,400	..	Missouri	164,745
Montana	33,000	..	Virginia	45,000
District of Columbia....	72,000	..	Ohio	1,402,690
Rhode Island	385,200	..	Minnesota	135,000
Nebraska	171,900	..	Kentucky.....	310,000
Kansas	81,000	..	Michigan.....	27,000
Illinois	845,900	..	Iowa.....	100,460
Maine.....	135,000	..	Vermont.....	463,500
North Carolina	135,000	..	Wisconsin.....	21,150
Total, 24 States.....				\$ 18,764,434

THE NATIONAL-BANK CIRCULATION.

TREASURY DEPARTMENT, March 11, 1881.

To the President of the Merchants' National Bank of Cleveland, Ohio :

I am in receipt of your letter of the 5th instant, stating that your bank had, during the previous week, deposited with the Assistant Treasurer at New York \$180,000 in legal tenders, with the view of retiring that amount of its circulating notes; that the bonds to secure the same, amounting to \$200,000, had been forwarded from the Treasurer in this city to New York, and that the bank now desires to return them to the Treasurer of the United States and receive the above amount of legal-tender notes. As the action taken in this case would establish a rule by which the Government would necessarily be governed, in regard to similar requests from other banks, some delay in answering your letter has occurred.

It seems that since the 19th ultimo about \$19,000,000 of legal tenders have been deposited by banks for a purpose like that mentioned by you. Of this amount about \$1,000,000 was returned by the Treasury, request therefor having been received before any redemption of notes had been made or the security bonds been delivered. In such cases, the transaction being incomplete, the Department had clearly a right to return the notes, as has been done. Of the remaining amount, about \$18,000,000, the security bonds therefor had either been surrendered or redemptions against the amount been deposited, and the transactions have been so far completed that it has been decided that the precedents of the Department in similar cases should be adhered to and no return of the legal tenders be made.

In this connection it should be stated that no apprehension of unfavorable result need be entertained in this matter. Since the 25th ultimo the Department has paid out for bonds purchased about \$6,500,000, and is to-day paying out on like account an additional amount of \$5,000,000. In addition to this payment there has been advanced from the Treasury since the 1st instant to meet the payments of arrearages of pensions the amount of \$7,583,844, and on the 1st proximo there will fall due of interest more than \$7,000,000.

There are on hand of incomplete National-bank notes, which can be issued at once to the banks, the amount of \$4,000,000, which in the aggregate will take an amount from the Treasury largely in excess of the amount of legal tenders which has been deposited by the banks since the 19th ultimo, and which it is now desired should be returned.

Letters have also been received asking if the identical United States bonds held as security for circulating notes, which more recently were withdrawn by the National banks, can be re-deposited without transfer. This request will be granted if the bond bears no assignment except that of the Treasurer of the United States to the bank returning it.

H. F. FRENCH, *Acting Secretary.*

STOCK EXCHANGE SEAT LIABLE FOR DEBT.—In February, 1880, on a judgment obtained in the Court of Common Pleas by the Grocers' Bank against Richard G. Murphy, the execution having been returned unsatisfied, an order for the supplemental examination of the defendant was issued. It developed the fact that Murphy held a seat in the Stock Exchange, but the Court held that within the statute it could not be sold to satisfy the debt. The General Term, to which an appeal was taken, yesterday rendered its decision, holding that a seat in the Exchange is liable for a creditor's claim. Judge Van Brunt dissents from the opinion of Judges Beach and Sedgwick.

THE INTERNATIONAL MONETARY CONFERENCE.

[FROM THE LONDON ECONOMIST, FEBRUARY 12.]

At a meeting of the French Cabinet this week, it was announced as the result of negotiations which have been in progress for some time, that the United States have agreed, on the invitation of the French Government, to take part in a second International Monetary Conference to be held this year in Paris. The basis of the negotiations is the adoption by both France and the United States of the double standard of gold and silver, the result of which would be the opening of the mints of both countries to the unlimited coinage of silver. Now that the consent of America has been assured, invitations to the conference are to be addressed to the other Powers, and there can be little doubt that these will meet in most cases with a favorable response. It is difficult to see why this country should be called upon to negotiate as to the acceptance of a double standard. We have every reason to be satisfied with our present monetary system, which experience has shown to be best fitted for our needs. Whatever other nations may do, the experience of years shows that Great Britain will do wisely to adhere to the single gold standard. Of course, we cannot fail to be desirous of the success of any measures that may be proposed with a view to the legitimate enhancement of the value of silver. If other nations are ready to employ that metal more largely in their currencies, it is not for us to object. We should rather welcome the resolution as tending, by increasing the market for silver, to enhance and render more stable its price, thus obviating a portion at least of the heavy loss on exchange which now so seriously affects the finances of India. If we cannot enter into the approaching Conference on the same footing as some of the other parties, we shall at least exercise towards it a very benevolent neutrality. We might even go somewhat further. Should such a proposal, for instance, be made to us as to increase the quantity or the fineness of the silver in our coinage, so as to make it less of a mere token currency than it is, we should hardly object to the proposal, or to increasing somewhat the amount to which silver coin may be employed in legal tender. Matters of detail of this description might well receive our favorable consideration.

ECONOMIST, FEBRUARY 19.

According to the latest reports the agreement between France and the United States extends not only to the adoption of a double standard, but also to the fixing of the ratio between silver and gold which is to be in the proportion of fifteen and one-half to one. This, if adopted, will of course be an arbitrary ratio, as indeed any ratio whatever must be. If, however, the attempt to rehabilitate silver is made, it is probably best that it should be done on the basis which, prior to 1873, was the one generally recognized; and, although it is yet too early to speculate as to the effects of a hypothetical decision, it may be pointed out that the adoption of such a ratio would tend to lift up the price of silver to the par at which for coinage purposes it is fixed. If the Latin Union and America were opened to the free coinage of silver at the rate in gold of 60½*d.* per ounce, there would be a ready outlet at that price for all available supplies, and no reason, therefore, why lower rates should be accepted. This regulation of value would of course be effected at the expense of those nations that adopted bi-metallism. When the silver was over-valued it would flow into them, driving gold out of circulation, while if it came to be undervalued the opposite effect would be produced. Bi-metallism, in the sense of having the two metals circulating freely side by side, is an impossibility; the nations that adopt it will always have their currency composed of the relatively depreciated metal. Its adoption, on an extensive scale, however, would certainly enhance the value of silver. Already, indeed, the mere prospect of some arrangement for the wider use of the metal for currency purposes has caused a decided advance in its price.

FINANCIAL MATTERS AT WASHINGTON.

In the Senate, March 1, the House bill to authorize the registration of trade marks and protect the same, was passed.

In the House, March 1, a conference report on the River and Harbor Appropriation bill, was agreed to—yeas 162, nays 84. The Senate receded from seven amendments, aggregating \$66,000, leaving the amount appropriated by the bill at \$11,141,800.

At 4 P. M., a motion to proceed with the Funding bill, returned from the Senate with amendments, was made, and finally carried. The opponents of the bill resorted to dilatory motions and every other measure of obstruction. The session was protracted one hour past midnight, when a recess was taken until 10 A. M.

Mr. Tucker, in behalf of the Committee on Ways and Means, moved a concurrence in all the Senate amendments except four, and on that motion decided the previous question, which was carried—yeas 100, nays 60.

Messrs. Anderson, Belford, Cannon, Dick, Dunnell, Taylor (Ohio), and Washburn voted with the Democrats in the affirmative, while the Greenbackers voted in the negative with the Republicans.

The amendments were then concurred in, and included all except amendments numbered 16, 21, 25 and 29.

Amendment 21 was merely a verbal amendment, but had been reserved for a separate vote, in order to enable Mr. Mills, of Texas, to move the following amendment:

"In addition to the bonds and treasury notes hereby authorized to be issued, the Secretary of the Treasury is further authorized and required to issue United States notes under the provisions of titles 38 and 39 of the Revised Statutes to an amount equal to the National-bank circulation surrendered, pending and during the process of refunding under this act and no more, and said notes shall be paid out in the current expenditures of the Government and kept as part of the paper circulation, and interest-bearing bonds of the United States equal in amount to the notes so issued shall be redeemed and canceled, in addition to the bonds otherwise redeemed."

It was the intention of the Republicans to vote for Mr. Mills' amendment with a view to loading down the bill, but this intention being discovered on the Democratic side, Mr. Mills was induced to withdraw it.

Mr. Frye (Rep., Me.) expressed his astonishment that Mr. Mills should be backed down so easily, and Mr. De La Matyr (Dem., Ind.) immediately renewed the amendment, but Mr. Tucker now refused to yield for the amendment, and demanded the previous question on Senate amendment 21.

The main question was ordered—yeas 121, nays 91.

Mr. De La Matyr then moved to recommit the bill to the Committee on Ways and Means with instructions to that committee to report it back with the amendment, which he had previously submitted, incorporated therein.

Mr. Carlisle raised a point of order against the motion, and it was sustained by the Speaker.

Senate amendment 21 was then concurred in.

Mr. Tucker then moved to concur in Senate amendment No. 16, with amendments, which, he said, had been authorized by the Committee on Ways and Means.

Amendment 16 is proposed by the Committee on Ways and Means to be amended so as to read as follows: "It shall be the duty of the Secretary of the Treasury, under such rules and regulations as he may prescribe, to authorize public subscriptions, at not less than par, to be received at all depositories of the United States and at all National banks, and such other banks as he may designate for the bonds and for the Treasury notes herein provided for, for thirty days before he shall contract for or award any portion

of said bonds or Treasury notes to any syndicate of individuals or bankers, or otherwise than under such public subscriptions; and if it shall happen that more than the entire amount of said bonds and Treasury notes, or of either of them, has been subscribed within said thirty days, he shall award the full amount subscribed to all persons who shall have made *bona fide* subscriptions, in order of time of said subscriptions, at rates most advantageous to the United States."

This amendment of the Senate amendment was lost after a protracted struggle, the yeas being 103 and the nays 111. The only Democrats who voted to sustain the Committee on Ways and Means in proposing the amendment, were Messrs. Carlisle, Gibson and Tucker, of the committee, and Messrs. Beltzhoover, Hutchins, Morse and Warner. Messrs. Ford, of Missouri, and Forsythe, of Illinois, who are usually classed as Greenbackers, also voted for the amendment, as did every Republican present.

In the Senate, March 2, the Sundry Civil Appropriation bill being under consideration, Mr. Bayard, by instruction of the Finance Committee, moved to amend by adding the following as an additional section:

"That the Secretary of the Treasury may, at any time, apply the surplus money in the Treasury not otherwise appropriated, or so much thereof as he may consider proper, to the purchase or redemption of United States bonds, provided that the bonds so purchased or redeemed shall constitute no part of the sinking fund, but shall be canceled."

The amendment was adopted without debate or objection.

Mr. Hoar introduced and had read by the Clerk an amendment intended to be proposed to the Deficiency Appropriation bill embodying the substantial features of the three-per-cent. refunding bill without the compulsory (fifth) section and other extraneous matters.

In the House, March 3, the Funding bill was taken up, and after various obstructive motions made by the Republican opponents of the measure, the House reached a vote upon agreeing to Senate amendment 16, and it was agreed to—yeas 146, nays 16. The Republicans generally refused to vote, but enough of them did vote to make a quorum.

The next question was on the twenty-fifth Senate amendment, which is to insert the word "temporarily" in the fourth section, which authorizes the Secretary of the Treasury to use \$50,000,000 in coin in the redemption of five and six-per-cent. bonds.

The Committee on Ways and Means recommends concurrence, with an amendment to substitute for the word "temporarily" the words "from time to time;" also, to insert the words "at any one time," so as to make the section read: "The Secretary of the Treasury is authorized to use, from time to time, not exceeding \$50,000,000 at any one time of the standard gold and silver coin in the Treasury in the redemption," etc. The Ways and Means amendment was rejected—yeas 88, nays 126. The Senate amendment, the twenty-fifth, was then concurred in.

The next amendment was the twenty-ninth Senate amendment, that fixing the time after which the three-per-cent. bonds shall be the only bonds receivable as security for National-bank circulation, etc., as July 1.

To this Mr. Conger (Rep., Mich.) offered his amendment fixing the date at September 1, and striking out the clause repealing section 4 of the Act of June 20, 1874. After debate, Mr. Conger's amendment was lost—yeas 117, nays 132.

The Senate amendment was then concurred in, fixing the date at July 1. This was the last Senate amendment, and then Mr. Tucker, under instructions of the Committee on Ways and Means, offered the amendment known as the McKinley amendment, providing that nothing in this act shall be construed as repealing, modifying, or affecting sections 5,220, 5,221, 5,222, 5,223, 5,224 of the Revised Statutes. This was rejected—yeas 114, nays 127. This was the last amendment, and the vote leaves the Senate amendments all concurred in without change.

Mr. Carlisle (Dem., Ky.) then moved to suspend the rules and put on its passage a bill amending the Funding bill just agreed to. It contains all the

amendments proposed by the Committee on Ways and Means, including the McKinley amendment.

The demand for a suspension of the rules was seconded—yeas 142, nays 11; and the bill was then passed without a division.

In the Senate, March 3, the supplemental Funding bill received from the House was referred to the Finance Committee.

The General Deficiency bill was taken up, and Mr. Hoar moved the amendment (of which he had given notice) for a three-per-cent. loan, with a modification proposed by Mr. Morrill embodying the substantial features of the Refunding bill without the compulsory (fifth) section.

Mr. Wallace and other members of the Committee on Appropriations, raised points of order against the amendment, and during a vote Mr. Hoar said that as the Democratic side had manifested no disposition to regard the amendment with favor he would not press it further.

The amendment was accordingly withdrawn and the matter dropped. The bill was passed.

The Japanese Fund bill was passed—yeas 46, nays 6.

The bill directs the payment to the Government of Japan of \$1,463,224, and out of this fund \$248,000 as prize money to the officers and crews of the United States ship Wyoming and steamer Takiang or their legal representatives.

[This bill was not reached for action in the House.]

In the House, March 3, a message from the President containing his objections to the Funding bill [printed elsewhere] was received and read, and on Mr. Tucker's motion laid on the table—yeas 138, nays 116.

The Apportionment bill was then taken up, and a vote was first taken on making the number of Representatives 322. This number was rejected—yeas 119, nays 132—and the vote was taken on 319, being the number favored by the Republicans, and it was agreed to, twelve Democrats voting with the Republicans and one Republican with the Democrats. The bill was passed—yeas 145, nays 113.

[The Apportionment bill was not reached for action in the Senate.]

In the Senate, Mr. Voorhees offered the following resolution, which was laid over upon the objection that it was out of order during an extra session convened for executive business:

Resolved, That the hostile attitude assumed by the National banks toward the refunding of the National debt at a low rate of interest, and the recent attempt to dictate the legislation of Congress on that subject, are contrary to the best interests of the people, and well calculated to excite their alarm for the future."

On the next day (March 23) Mr. Voorhees cited so many precedents showing his resolution to be in order, that the objection made on that ground was withdrawn. It was, however, again laid over for further consideration.

THE RE-DEPOSIT OF WITHDRAWN BONDS.—To an inquiry from Mr. John Thompson, Vice-President of the Chase National Bank, the Comptroller of the Currency has made the following reply:

"WASHINGTON, March 2, 1881.

"SIR: I have received your letter of 1st instant. The Treasurer, will, I understand, return greenbacks to those persons who may have deposited them, provided the bonds which secured their circulation still remain on deposit and none of the circulation of the bank has been redeemed from the deposit. He declines, however, to surrender greenbacks upon a re-deposit of bonds. If five-per-cent. bonds are again deposited, new certificates must be issued.

"Very respectfully,

"JOHN J. KNOX, *Comptroller*.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. TIME DRAFTS ON A NATIONAL BANK.

A party draws on this (a National) bank a ten-day draft, which is presented for acceptance or payment *before maturity*. Can I legally refuse both?

REPLY.—Yes. In the absence of special agreement, a bank owes no duty to its depositor to accept his time drafts. An obligation to involve itself in contracts to pay money in the future, on his behalf, might be very onerous, and is one which the bank does not undertake by receiving a deposit. Its simple duty to him is to pay his checks and drafts over the counter when and as they are presented for payment. It has the right to accept them, precisely as it has the right to certify checks, and will be bound by such acceptance, unless it is a mere accommodation (and even then would be to a third person taking without notice); but whether it will do so or not is a matter purely within its own discretion. In this case, if the bank does not choose to accept, neither can it be called upon to pay the draft before maturity, for that would be to do something which its depositor has not called upon it to do. The object which this depositor has attempted to accomplish is generally effected by giving a post-dated check, which can only be used when the day upon which it is dated arrives.

On the other hand, it should be observed that the holder of a time draft has the right to present it to the drawer for acceptance before maturity, although he is not bound to do so. If he presents it and acceptance is refused, the draft is at once dishonored and must be protested for non-acceptance or the drawer will be discharged; and after protest for non-acceptance the holder is not obliged to present the draft for payment, but may look at once to the drawer. The holder of this draft evidently made a mistake in presenting it for acceptance, unless he knew beforehand that the bank both had funds and was willing to accept; for if the bank refused acceptance he must treat the paper as dishonored, although he might be satisfied that there were funds on hand to meet it at maturity.

II. THE EFFECT OF QUALIFIED ACCEPTANCE.

V, in St. Louis, a banker, sends to me in Arkansas a draft on a merchant here, payable thirty days after date, for \$300, "with exchange on St. Louis or New York," for acceptance and protest if not paid at maturity. The trader here writes his acceptance of draft (with my permission) making it payable at his *bank in St. Louis*, but does not object to the *clause of exchange* above spoken of. The bill goes to St. Louis with instructions to collect usual rate of exchange, and to protest if not paid. The St. Louis bank that we send to, collect at maturity, *but do not* collect exchange, saying that the bill did *not draw* exchange, and that *we were not* entitled to exchange on the bill because it was drawn in St. Louis *and paid in St. Louis*, and refused to protest the paper, saying they could not get a Notary that would make the protest. I claim that *we were* entitled to exchange, and that it was their duty to collect or protest as I instructed. Please decide.

REPLY.—We think the Arkansas bank was not entitled to the exchange. The contract of the acceptor was a contract to pay \$300 plus the exchange upon St. Louis at the date and *place* of payment. But the place of payment and St. Louis were the same, and the exchange of course was nothing. If the bank had wished to avail itself of its privilege of selling the exchange to the acceptor, it should have insisted upon its right to an acceptance of the draft according to its tenor. It would then have been payable at the residence of the acceptor, and would have carried the exchange with it. By consenting to the acceptance, payable at the bank in St. Louis, the Arkansas bank allowed the acceptor to furnish the exchange himself, and, having done that, he ought not to be called upon to pay for it again. Another consequence of receiving this acceptance we wish to call particular attention to, viz., that the drawer was discharged by it. The law is well settled that if the holder consents to an acceptance payable at a place different from that at which it would be payable if the draft were accepted according to its tenor, the drawer is discharged, unless he consents to the change. *Daniel Neg. Insts.* § 515. The safer practice for banks engaged in the business of making collections is to follow the rule strictly, and insist upon an acceptance according to the tenor of the bill in all cases.

III. ACCOMMODATION INDORSEMENTS.

In the March number of *BANKER'S MAGAZINE*, page 733, is a decision: "Indorsement—Weller & Son, note to Callahan." Please give some more of the particulars, or the reasons for such a decision. It is important that bankers should know how they stand in such cases.

REPLY.—We give in this number a full copy of the opinion in *Callahan v. First National Bank of Louisville*, above referred to. The case seems to have gone up to the Kentucky Court of Appeals upon a writ of error, and to have been decided purely upon a question of pleading. There can be no doubt that the bank would have recovered, if it had stated its case properly. It is true there is a presumption that, when a note comes back into the hands of the maker, it has been paid; but this presumption is of no consequence, if the note afterwards and before its maturity is passed to a holder *bona fide* and without notice that it has been in the hands of the maker, or even if it remains in the hands of the person who takes it direct from the maker, if, as was suggested here, it was indorsed for the maker's accommodation. *West Boston Savings Bank v. Thompson*, 124 Mass. 506.

VERIFICATION OF BANK REPORTS.—An Act of Congress approved February 26, 1881, permits the five or more reports required during each year from each National bank to the Comptroller of the Currency, to be sworn before a State notary public. The following is the text of the new law:

"The oath or affirmation required by section fifty-two hundred and eleven of the *Revised Statutes*, verifying the returns made by National banks to the Comptroller of the Currency, when taken before a notary public properly authorized and commissioned by the State in which such notary resides, and the bank is located, or any other officer having an official seal, authorized in such State to administer oaths, shall be a sufficient verification as contemplated by said section fifty-two hundred and eleven. Provided, That the officer administering the oath is not an officer of the bank."

BOOK NOTICES.

Laws Relating to Stocks, Bonds and other Securities in the United States. By FRANCIS A. LEWIS, JR., of the Philadelphia Bar. Philadelphia: Rees, Welsh & Co, 1881. 8vo, pp. 224.

This work is stated to have been "specially prepared for use of Bankers, Brokers, Lawyers and Investors, as a book of every-day reference." It has a copious index and a table of all the judicial decisions which are cited. We can best describe the scope of the work by selecting from the chapter headings the following :

"Short Sketch of the English Stock Exchange, and Methods of Dealing in Stocks in England, France and the United States;" "Effect of Exchange Usages on Stock Contracts;" "Method of Transferring Stock;" "Blank Powers under Seal;" "Negotiability of Stock Certificates;" "Wagering Contracts;" "Stock Pledged as Collateral;" "Rights of Pledgor and Pledgee;" "Broker's Agreement to carry Stock on Margin;" "Sub-pledging;" "Sale of Pledged Stock;" "Specific Performance of Stock and Share Contracts;" "Damages in Case of Breach of Contract for Delivery of, and *Trouer* for Conversion of Articles of Fluctuating Value;" "English Rule, and Rule in all the States of the Union Considered."

The Statesman's Year Book for 1881. By FREDERICK MARTIN. London: Macmillan & Co., 1881. Small 8vo., pp. 784

This, the eighteenth annual publication of Mr. Martin's valuable work, fully sustains its long-established reputation. It gives, in respect to all the countries in the world, full particulars from official sources of their areas, population, forms of government, currency, weights and measures, debts, revenues, expenditures, military and naval establishments, etc. It is a most valuable reference book, not only for statesmen, but for editors, libraries, and, indeed, for everybody who desires to keep up with the progress of the world.

The Current Gold and Silver Coins of all Nations, together with their Weights, Fineness and Intrinsic Value, reduced to the Standard of the United States. By IVAN C. MICHELS, Ph. D. Philadelphia: R. S. Menamin. 4to., pp. 112.

In addition to the matter indicated in its title as above, this work furnishes a description of the National coins of all metals, the acts of Congress authorizing their issue, and their official weight and fineness. It contains engravings of the coins of all nations which are in current use, including coins of the base metals, and accompanying tables showing the amount of pure metal in the gold and silver coins. In the case of silver coins, the value of the metal is given according to the variations in the gold price of silver in the London market. The typography and engravings are well executed, and it is a kind of work which must be of great service to bankers, bullion dealers, brokers, merchants and others having occasion to handle foreign coins, or to deal in exchange on, or to trade with, foreign countries.

The Financial Review for 1881. New York: W. B. Dana & Co. 4to., pp. 142.

This excellent annual contains many useful statistics of trade, commerce, railroads and banking, including quotations of the range of prices of various securities. The "Investors Supplement" affords an exhibit of the funded debt of States and cities, and of the stocks and bonds of railroads and other corporations, which is highly valuable to all who have occasion to hold or to deal in such securities.

The American Almanac for 1881. Edited by AINSWORTH R. SPOFFORD. New York and Washington: The American News Co. : 8vo., pp. 380.

Mr. Spofford's compendium of statistics furnishes an array of facts and figures which commend it to a place within easy reach of every student of affairs. It is a hand-book for daily reference, for the politician, the business man and the investor. While the information given relates mainly to our own country, there is much as to the debts, populations and governments of other nations. A great deal of valuable matter is compressed within the comparatively small compass of the pages of this work.

Vick's Illustrated Floral Guide for 1881. Rochester, N. Y. JAMES VICK. 8vo.; pp. 120.

The publisher of this work has acted upon the principle that "whatever is worth doing, is worth doing well." Mr. Vick has prepared his catalogue of seeds and plants in a style that represents, in a fitting manner, the beauty of the flowers and plants which are announced in its pages.

THE CROP OF PRECIOUS METALS.—The Director of the Mint has submitted to the Secretary of the Treasury a report upon the production of precious metals in the United States, for the fiscal year ended June 30, 1880, which shows the following amounts by States and Territories:

	<i>Gold.</i>	<i>Silver.</i>
Alaska.....	\$6,000 ..	—
Arizona.....	400,000 ..	\$2,000,000
California.....	17,500,000 ..	1,100,000
Colorado.....	3,200,000 ..	17,000,000
Dakota.....	3,600,000 ..	70,000
Georgia.....	120,000 ..	—
Idaho.....	1,980,000 ..	450,000
Montana.....	2,400,000 ..	2,500,000
Nevada.....	4,800,000 ..	10,900,000
New Mexico.....	130,000 ..	425,000
North Carolina.....	95,000 ..	—
Oregon.....	1,090,000 ..	15,000
South Carolina.....	15,000 ..	—
Utah.....	210,000 ..	4,740,000
Virginia.....	10,000 ..	—
Washington.....	410,000 ..	—
Wyoming.....	20,000 ..	—
Other sources.....	14,000 ..	—
Total.....	\$36,000,000 ..	\$39,200,000

BANKING AND FINANCIAL ITEMS.

NEW RULES FOR THE ISSUE OF COINS AND CURRENCY.—The Treasurer of the United States issued, March 1, a circular announcing the following rules:

First—Standard silver dollars and fractional silver coin will be forwarded by the Treasurer, by registered mail, for deposits of gold coin or currency or remittances to his office.

Second—Standard silver dollars will be forwarded directly from the mints in New Orleans, Philadelphia and San Francisco for deposits with the assistant treasurers in those cities.

Third—Drafts on New York will be received in payment for standard silver dollars and fractional silver coin only when collectable through the Clearing House.

Fourth—Returns for minor coin sent to the Mint in Philadelphia will be made only in other minor coin.

Fifth—Returns for National bank notes redeemed will be made by transfer check, or, if so required, in United States notes or fractional silver coin at the consignee's expense.

Sixth—The express charges on National bank notes sent to the Treasurer for redemption in even thousands of dollars will be paid by the Government.

Seventh—The express charges on Government contract rates will be deducted by the Treasurer on United States notes returned for National bank notes redeemed.

THE UNITED STATES NATIONAL BANK, whose organization was announced in our last number, began business, at No. 35 Nassau Street, on March 1. The start of this new bank is under auspices which promise for it a large and profitable business. Its Directors are solid and well-known men, its officers bring the prestige of signal ability and ample experience, and a strong and wide-spread connection throughout the West and South indicates for the new institution a career of unusual success. As an earnest of conservative management, it has been resolved that no dividends are to be declared until an ample surplus shall have been accumulated.

THE MUTUAL BENEFIT LIFE INSURANCE COMPANY of Newark, N. J., has lately undergone an examination, lasting five months, by the Insurance Companies of Massachusetts, Ohio and New Jersey. The Commissioners found that the company had assets amounting to \$35,726,815, and a clear surplus over every liability of \$3,815,382. Calculated on a four-per-cent basis at the New York standard the surplus would be nearly \$6,000,000. The entire report of the Examiners redounds to the credit of the company, and tends to increase the confidence of the public in our sound and well-managed life companies. The statement of the Mutual Benefit will be found on the cover of this number of the BANKER'S MAGAZINE.

A NEW COMPOUND-INTEREST RULE.—A simple formula has been devised by Mr. D. Parks Fackler, the well-known actuary, by which may quickly be determined how long it will take a sum to double itself at any rate of interest. Dividing 72 by the rate of interest, the quotient will be the number of years to within a small fraction. Thus at four per cent. the answer is eighteen years, which is only one-quarter of a year too great, the exact time being about $17\frac{3}{4}$ years. For six per cent. the result is only one month out of the way, while for eight and nine per cent. it may be said to be exactly right.

THE NEW MONETARY CONFERENCE is to be held under the following joint call of France and the United States: The Government of the Republic of France and the Government of the United States having exchanged views upon the subject of a conference between the Powers principally interested in the question of establishing internationally the use of gold and silver as bi-metallic money, and securing fixity of relative value between those metals, and finding themselves in accord as to the usefulness and importance of such a conference, and as to the time and place at which the same should be held, have the honor now to invite the Government of ——— to take part in a conference by such delegates as each Government may appoint, to be held at Paris, on Tuesday, the 19th of April next, to consider and adopt for presentation to the Governments so represented for their acceptance a plan and system for the establishment, by international convention, of the use of gold and silver as bi-metallic money at a fixed relative value between those two metals.

A dispatch from Berlin says that Herr Dechend, President of the Imperial-Bank of Germany, and Herr Schraut, Government Councillor, have been designated to represent Germany at the Monetary Conference. Herr Dechend has been from the beginning a decided opponent of gold mono-metallism. The views of Herr Schraut are not stated.

The Commissioners to represent the United States in the Paris Monetary Conference, of April 19, are ex-Secretary Evarts, and ex-Senators Sherman, of Ohio, and Howe, of Wisconsin.

The London *Times*, in its financial article of March 24, says it is assured that there is some ground to anticipate that France and the United States will agree to become bi-metallic nations for a certain period. It is hoped that the countries of the Latin Union will follow their example; that Germany will agree to continue the suspension of sales of silver, and that England will undertake on behalf of India not to give up the silver standard for the same period.

MR. S. DANA HORTON, of Ohio, has been nominated by the President to be Secretary of the United States delegation to the Paris Monetary Conference. Mr. Horton's services as a member of the delegation of 1878 fully sustained his high reputation for learning and intelligence. The report of that conference was not only prepared by him, but also edited for the State Department, with statistical and historical notes which added greatly to its value.

CALIFORNIA TAXATION.—On March 7 the Governor signed an amended revenue law which exempts from taxation shares of capital stock of corporations and deposits in Savings banks:

MAINE—Several National banks in Maine have recently procured charters as State banks, under the old banking law of Maine, but they were vetoed by Gov. Plaisted, on the ground that they would confer the right to issue circulating notes, contrary to what he calls the "settled policy" of leaving to the United States Government the regulation of the paper currency. It is true that if these charters were obtained, the issue of notes would be prevented by the ten-per-cent tax now imposed by the Federal authority, but only so long as that tax is continued.

Gov. Plaisted, in his veto message, says:

"After experiencing, for nearly twenty years, paper money based on the authority and credit of the whole nation, and of uniform value throughout the country, the people of the United States, while they have their liberties, will never favor or tolerate a return to the old State-bank system. That system they have tried and found wanting."

This veto seems to be approved with substantial unanimity in Maine. The *Portland Press*, the leading organ of the party politically opposed to Governor Plaisted, says:

"Gov. Plaisted has done well to veto the State-bank charters. While under the existing tax law it would be practically impossible for the banks to issue circulating notes, yet the permission to do so once given them, there would be a determined movement to do away with the restrictive tax, a movement which, if successful, would lead to the re-establishment of the old State banking system. It is well to resist the first step in that direction."

NEW HAMPSHIRE.—John D. Lyman, State Bank Commissioner, in examining the Ashuelot Savings Bank of Winchester, found that the treasurer, Ellery Albee, had made false entries, and was a defaulter. Albee has made over his property to secure the bank. The Commissioner has petitioned the court for an injunction. It is believed that the defalcation will exceed \$100,000.

MINNESOTA BONDS.—Governor Pillsbury has promulgated the following notice to holders of the old Minnesota State Railroad bonds, who are scattered all over the United States :

EXECUTIVE OFFICE, ST. PAUL, March 3, 1881.

A bill has passed the Legislature and received the Executive approval providing for the adjustment of the Minnesota State Railroad bonds on the terms proposed by a majority of the bondholders to the Legislature of the State. The bill provides that the State will pay fifty cents on the dollar of principal and interest of the Minnesota State Railroad bonds and coupons computed to January 1, 1884, in new adjustment bonds, payable in thirty years, redeemable at the election of the State after ten years, interest at five per cent.; the first coupon maturing July 1, 1884, payable in the City of New York, with the election to the State to negotiate new bonds and pay cash instead; all unpaid claims for supplies, &c., not to exceed \$15,000 to be paid fifty per cent. on claims proven, and the amounts so paid deducted from the amount of new bonds issued in payment of old bonds issued to the road which ought to have paid such claims; all provided that the tribunal created by the bill, which is to convene on March 23, 1881, shall decide that the constitutional amendment of 1860, prohibiting provision for payment without submission to the people, is void; otherwise the bill to be submitted to the people at the next general election. All holders of Minnesota State railroad bonds to file their bonds on, or before, March 23, 1881, with the State Auditor, accompanied by an agreement to accept said bonds in full satisfaction of old ones (describing them by number, &c.), and an agreement under seal releasing the State from all claim by virtue of old bonds. The bill provides for the payment of interest from a tax on the gross earnings of railroads.

TENNESSEE.—The Governor has received a proposition from bondholders to settle the State debt at par and three per cent. interest; the bonds to run ninety-nine years, and coupons to be made receivable for taxes. The Governor subsequently sent the proposition to the Legislature and advised its adoption. The reports indicate that it is favorably received in the Legislature.

EMBEZZLEMENT.—A series of systematic robberies have been discovered in the National Bank of Virginia, amounting in the aggregate to over \$23,000. The perpetrator was Joseph T. Keesee, one of the bookkeepers in charge of the individual accounts, who hid his crime by false entries carried on for several years. It is said that the bank will lose but a small amount, as Keesee's bond will cover nearly half the deficit and his friends will make up the greater portion of the balance.

The United-States Circuit Court, at New York, refused, March 3rd, the injunctions asked by the Direct and French Cable Companies, to prevent the consolidation of the Western Union and other telegraph companies. The consolidation will now be consummated, though further litigation will be had, as the cable companies will still contend for an order of court preventing the Western Union Company from violating any of the conditions of the cable contracts with the land companies which it absorbs.

SURETY ON OFFICIAL BONDS.—The Fidelity and Casualty Company, of New York, being authorized by its act of incorporation to become surety on official bonds, recently applied to the Secretary of the Treasury to know if it would be recognized as surety on the bonds of Government officers. The question was referred to First Comptroller Lawrence, who to-day decided that the company "has the corporate capacity to become surety on the official bonds of Government officers."

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from March No., page 743.)

<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
NEW YORK CITY.....	Chas. O. Andrus, <i>A. C.</i>	M. F. Reading, <i>Cas.</i>
ILL.... Hide & Leather N. B., Chicago	Thomas L. Forrest, <i>Act'g Cas.</i>	B. L. Smith.
IND.... First Nat'l B'k, Crawfordsville.	Samuel W. Austin, <i>Cas.</i> ..	B. Wasson.
IOWA... Merchants' National Bank, } Fort Dodge }	Webb Vincent, <i>Pr.</i>	J. M. Mulroney.
" .. Valley Nat'l Bank, Red Oak... }	J. M. Mulroney, <i>V. P.</i>	W. Vincent.
" .. Valley Nat'l Bank, Red Oak... }	Warren H. Kinkade, <i>Cas.</i>	R. M. Roberts.
KY.... German Nat'l Bank, Louisville.	Henry Vissman, <i>Cas.</i>	C. S. Mueller.
" .. Kentucky Nat'l Bank, " ..	W. H. Dulaney, <i>Pr.</i>	L. C. Murray.
" .. National Bank of Lebanon....	R. E. Kirk, <i>Cas. pro tem.</i>	H. Wilken.
" .. National Bank of Owen.....	H. P. Montgomery, <i>Pr.</i> ...	A. P. Grover.
MAINE.. Portland Savings Bank	Oliver Gerrish, <i>Pr.</i>	J. B. Brown.*
" .. Thomaston National Bank.....	C. Prince, <i>Pr.</i>	J. L. Jordan.
MD.... First Nat'l Bank, Hagerstown.	John D. Newcomer, <i>Cas.</i>	P. B. Small.*
MASS... First National Bank, Boston...	S. D. Warren, <i>Pr.</i>.....	.....
MICH... First Nat'l Bank, Bay City... }	Byron E. Warren, <i>Pr.</i>	J. Shearer.
" .. First Nat'l Bank, Bay City... }	Frederick P. Browne, <i>Cas.</i>	B. E. Warren.
MINN... Citizens' National Bank, } Faribault }	E. P. Brown, <i>Cas.</i>	C. H. Whipple.
" .. Citizens' National Bank, } Faribault }	William S. Hill, <i>A. C.</i>	E. P. Brown.
MO.... German-Amer. Bank, St. Louis.	John Dierberger, <i>Cas.</i>	E. A. Meysenburg.
" .. Laclede Bank, St. Louis.....	Emil A. Meysenburg, <i>Cas.</i>	F. T. Iglehart.
" .. Mechanics' Bank, St. Louis....	D. K. Ferguson, <i>Pr.</i>	O. Garrison.
N. J.... North Ward N. B'k, Newark ..	Wm. Robotham, Jr., <i>Cas.</i>	E. F. Baldwin, <i>Actg.</i>
N. Y.... Nat'l Albany Exchange Bank..	Jonas H. Brooks, <i>Cas.</i> ...	T. L. Scott.*
" .. First Nat'l Bank, Middletown..	Charles A. Douglas, <i>Cas.</i>	W. L. Graham.
" .. State Bank, Syracuse.....	Jonathan C. Chase, <i>Cas.</i>	M. J. Myers.
OHIO... First Nat'l Bank, Green Spring.	H. G. Ogden, <i>Cas.</i>	L. W. Roys.
" .. Third National Bank, Urbana..	A. F. Vance, Jr., <i>Cas.</i> ...	E. G. Wiley.*
PENN... First National Bank, Bradford.	W. W. Bell, <i>Cas.</i>	B. A. Provoost.
" .. First National Bank, } Green Castle }	J. B. Crowell, <i>Pr.</i>	J. C. McLanahan.
" .. First National Bank, Mercer... }	J. H. Shook, <i>Cas.</i>	L. H. Fletcher.
" .. Dollar Savings B'k, Pittsburgh. }	W. C. Alexander, <i>Cas.</i> ...	O. L. Munger.
" .. First Nat'l Bank, Wilkes-Barre. }	J. B. D. Meads, <i>Tr.</i>	C. A. Colton.*
" .. First Nat'l Bank, Wilkes-Barre. }	James L. McLean, <i>Cas.</i>...	.....
R. I.... R. I. Hosp. Tr. Co., Providence.	H. J. Wells, <i>Sec.</i>	C. H. Sheldon, Jr.
S. C.... Merch. & Planters' Nat'l B'k, } Union }	Edwin R. Wallace, <i>Pr.</i> ..	W. Munro.
" .. Merch. & Planters' Nat'l B'k, } Union }	George Munro, <i>Cas.</i>	E. R. Wallace.
TENN.. Second Nat'l Bank, Lebanon...	James Hamilton, <i>Pr.</i>	J. D. Owen.
" .. Union & Planters' B., Memphis.	A. C. Treadwell, <i>Pr.</i>	C. W. Goyer.*
VT.... National Bank of Barre.....	F. L. Eaton, <i>Cas.</i>	E. D. Blackwell.
" .. National Bank of Montpelier...	E. D. Blackwell, <i>Cas.</i> ...	C. A. Reed.
W. VA.. First National Bank, Fairmont.	Z. Musgrave, <i>Pr.</i>	J. C. Beeson.

* Deceased.

Situation Wanted—As Teller or Bookkeeper in a bank, by a young man having twelve years' experience as manager of a country bank. Permanency, with prospects of advancement to suit capacity, desired. References, etc., satisfactory. Address J. M. L., Greenville, Ohio, P. O. Box 21.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from March No., page 746.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2507	United States Nat'l Bank.... New York City.	H. Victor Newcomb..... Logan C. Murray.	\$ 500,000	\$ 250,000
2508	First National Bank..... Huntington, IND.	W. McGrew..... S. F. Dick.	100,000	100,000
2509	First National Bank..... Tom's River, N. J.	John Aumack..... William A. Low.	50,000	30,000
2510	First National Bank..... Gouverneur, N. Y.	George M. Gleason..... A. L. Woodworth.	50,000	30,000
2511	Merchants' National Bank.. Cedar Rapids, IOWA.	Redman D. Stephens..... Charles H. Clark.	100,000	100,000
2512	Darlington National Bank.. Darlington, S. C.	J. L. Coker..... H. L. Charles.	50,000	30,520

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from March No., page 746.)

NEW YORK CITY.....	C. B. Richard & Co.; C. B. Richard, deceased. Succeeded by Oscar L. Richard and Emil L. Boas. Same style.
CAL.... San Diego.....	Consolidated Bank; paid capital increased to \$40,000.
COL.... Hillerton.....	Hiller, Hallock & Co.; removed to Aspen.
DAKOTA Madison.....	Lake County Bank (Thaxter & Buck); now F. W. Thaxter.
GA.... Rome.....	Bank of Rome; suspended. John H. Reynolds, assignee. Collections handed to First Nat'l Bank of Rome.
ILL.... Bloomington...	McLean County Bank (A. Gridley & Son); in liquidation.
IND.... Albion.....	Bank of Albion; Charles M. Clapp, <i>Administrator</i> .
" .. Huntington....	First Nat'l B'k, No. 145; suc. by First Nat'l B'k, No. 2,508.
IOWA... Nevada.....	Nevada City Bank (Orson B. Dutton & Son); succeeded by E. L. Lyon, <i>Pr.</i> W. F. Swayze, <i>Cas.</i>
KANSAS. Howard.....	Elk County Bank; attached.
" .. Junction City..	Alioth & Smith; now J. Monroe Smith.
" .. Wa Keeney.....	Ellsworth Brothers; out of business.
MASS... Boston.....	Brooks & Warner; now George C. Brooks. George H. Brooks special to February 15, 1882.
MICH... Negaunee.....	Michigan Iron Bank (Isaac J. Gray); now H. E. Pease.
" .. Three Rivers...	Manufacturers' National Bank; now Manufacturers' Bank. Same officers, capital and surplus.
MINN... Cannon Falls..	First National Bank; succeeded by Citizens' Bank. Same President and Cashier.
" .. Duluth.....	Amer. Exch. B'k; paid capital \$75,000. Surplus, \$10,000.
MISS... Macon.....	Bush, Redwood & Co.; failed.
N. J.... Newark.....	Graham & Co.; Charles S. G. withdraws. Business continued by Andrew S. and John A. Graham. Same title.
OHIO... Coshocton.....	First National Bank; now Commercial Bank. Same officers, capital and New York Correspondent.
" .. Green Spring..	First National Bank; succeeded by L. W. Roys & Co.
R. I.... Providence....	Wilbour, Jackson & Co.; admit Charles H. Sheldon, Jr. and William Binney, Jr.
WYO... Evanston.....	Mutual Exch. B. (North & Wurtele); now North & Alford

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from March No., page 745.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
NEW YORK CITY.....	United States Nat'l Bank..	.....	.....
	\$ 250,000	H. Victor Newcomb, <i>Pr.</i>	Logan C. Murray, <i>Cas.</i>
ARK....	Eureka Springs. Bank of Eureka Springs..	Valley Nat'l Bank, <i>St. Louis.</i>	
		(John H. Cameron & Co.)	
COL....	Aspen.....	Hiller, Hallock & Co.....	American Exch. Nat'l Bank.
DAKOTA	Wahpeton.....	Richland County Bank....	Merch. Nat'l B'k, <i>St. Paul.</i>
		(J. W. Hayward & Co.)	
ILL....	Hopedale.....	Hobart & Orendorff.....	Preston, Kean & Co., <i>Chicago.</i>
"	Peoria.....	Callender, Ayres & Co....	Metropolitan Nat'l B'k.
INDIANA	Huntington....	First National Bank.....	Third National Bank.
	\$ 100,000	William McGrew, <i>Pr.</i>	Sarah F. Dick, <i>Cas.</i>
IOWA...	Cedar Rapids..	Merchants' National Bank.	.....
	\$ 100,000	Redman D. Stephens, <i>Pr.</i>	Charles H. Clark, <i>Cas.</i>
MICH...	Concord.....	R. H. Halsted.....	Nat'l Shoe & Leather B'k.
N. J....	Tom's River...	First National Bank.....	National Park Bank.
	\$ 30,000	John Aumack, <i>Pr.</i>	William A. Low, <i>Cas.</i>
N. Y....	Gouverneur....	First National Bank.....	Chase National Bank.
	\$ 30,000	George L. Gleason, <i>Pr.</i>	A. L. Woodworth, <i>Cas.</i>
OHIO...	Columbus.....	Columbus Sav. Bank Co...	Continental National Bank.
"	Louisville.....	Louisville Dep. B'k (Keim & Sons.)	Kountze Brothers.

OBITUARY.

CHARLES B. RICHARD, founder of the firm of C. B. Richard & Co., died in this city on February 20th. Mr. Richard was born in Reichenbach, Silesia, in 1818. He emigrated to this country in 1845, and two years later, as representative of Hamburg shipowners, established in this city a passenger agency. When the Hamburg Packet Company, in 1856, substituted steamers for sailing vessels, Mr. Richard accepted its agency, which position he retained until his death. Mr. Richard held the position of Consul of Schaumburg Lippe. He was director in the Star Fire Insurance Company, a member of numerous charitable societies and a participant in all liberal movements.

CHARLES WESLEY GOYER, President of the Union and Planters' Bank of Memphis, died in that city on February 22d. He was born in Dearborn county, Indiana, in 1824, and came to Memphis in 1841. At this early age he gave token of that determination of purpose and self-reliance which distinguished him through life. He had been identified with the Union and Planters' Bank from its organization, and becoming its President in 1874, so continued by unanimous election until his death. In the language of the tribute to his memory, passed by the Board of Directors, "he was honest and capable, fearless and faithful; only afraid to do wrong, he stood by his trust through every vicissitude, that he might do his whole duty."

ALBERT K. SPENCER, Cashier of the First National Bank of Cleveland, Ohio, died suddenly in that city on February 21st. Mr. Spencer was born at Fort Ann, N. Y., in 1830. He began his banking career as teller in the Whitehall Bank, at Whitehall, N. Y. In 1854 he removed to Cleveland, and since 1856 has been connected with its banking interests. He was appointed Cashier of the First National Bank in 1865. Mr. Spencer was a member of the City Council and of the Board of Education, and was Treasurer of the Cleveland and Mahoning Railroad. He was esteemed a sagacious business man, whose dealings were marked by great prudence and fairness. His standing among business men was of the highest order, and he made a large circle of friends by his geniality and unqualified uprightness.

FINANCE, COMMERCE AND PRODUCTION OF THE UNITED STATES.

STATEMENT SHOWING THE FINANCIAL AND ECONOMIC TRANSACTIONS OF THE UNITED STATES OF AMERICA FOR THE FOUR YEARS ENDED MARCH 1, 1881.

	For year ended March 1, 1879.	For year ended March 1, 1880.	For year ended March 1, 1881.	Total.
Total receipts.....	\$ 265,342,831 86	\$ 308,762,742 93	\$ 356,386,715 41	\$ 1,199,551,107 24
Total expenditures.....	218,289,531 58	286,047,664 51	257,323,527 93	999,755,706 93
Total debt, less cash in the Treasury.....	2,042,037,129 08	1,995,112,221 17	1,879,956,412 77	—
Decrease of debt.....	46,744,013 96	31,095,320 49	115,155,868 40	208,824,730 27
Annual interest charge.....	92,537,283 50	82,211,663 00	76,845,937 50	—
Available cash in the Treasury, including resumption fund.....	72,920,913 38	144,635,042 50	150,031,706 36	—
Gold coin and bullion held by the Treasury.....	121,738,854 95	146,759,758 04	173,038,253 01	—
Silver coin and bullion held by the Treasury.....	8,453,909 29	62,676,711 57	84,108,826 08	—
Exports of live stock.....	4,205,863 00	10,853,241 00	20,681,738 00	47,866,331 00
Exports of other food.....	269,752,800 00	374,598,342 00	456,244,111 00	1,427,317,202 00
Total exports—merchandise.....	639,485,269 00	797,875,742 00	915,271,563 00	3,048,488,868 00
specie.....	47,103,365 00	23,922,972 00	16,028,803 00	113,446,263 00
Total imports—merchandise.....	475,838,318 00	555,596,696 00	703,139,889 00	2,166,642,032 00
specie.....	25,209,050 00	92,714,238 00	98,570,197 00	243,492,765 00
Production of cotton.....	4,485,423	5,073,531	5,761,252	20,131,471
Production of wool.....	207,000,000	232,500,000	264,000,000	914,500,000
Production of wheat.....	364,194,146	448,756,630	486,849,723	1,713,922,899
Production of corn.....	1,342,558,000	1,547,991,790	1,537,535,900	5,181,214,440
Production of pig iron.....	2,066,504	2,741,853	3,300,000	10,400,662
Production of coal.....	54,308,250	65,808,398	69,200,934	241,448,166

NOTE.—The debt, less cash in the Treasury, March 1, 1877, was \$2,088,781,143.04, and the annual interest charge, \$94,403,645.56; showing a decrease in the debt during the four years, as above, of \$908,824,730.27, and of the annual interest charge, \$17,557,768.

JOHN SHEEMAN,
Secretary.

TREASURY DEPARTMENT, March 1, 1881.

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

DEBT BEARING INTEREST.

	Jan. 1, 1881.	Feb. 1, 1881.	March 1, 1881.
Bonds at six per cent.....	202,266,550 .	\$ 202,266,550 .	\$ 202,266,550
Bonds at five per cent.....	469,651,050 .	469,651,050 .	469,320,650
Bonds at four and a half per cent..	250,000,000 .	250,000,000 .	250,000,000
Bonds at four per cent.....	738,420,400 .	738,480,550 .	738,505,050
Refunding certificates.....	927,400 .	867,250 .	782,750
Navy pension fund.....	14,000,000 .	14,000,000 .	14,000,000
Total principal.....	\$ 1,675,265,400 .	\$ 1,675,265,400 .	\$ 1,674,935,000
" interest.....	20,731,566 .	14,316,176 .	14,585,250

DEBT ON WHICH INTEREST HAS CEASED SINCE MATURITY.

Principal.....	\$ 11,484,395 .	\$ 7,273,285 .	\$ 6,598,725
Interest.....	856,885 .	753,389 .	760,292

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes..	\$ 346,741,761 .	\$ 346,741,726 .	\$ 346,741,711
Certificates of deposit.....	7,005,000 .	8,630,000 .	7,965,000
Fractional currency.....	7,147,530 .	7,144,499 .	7,144,413
Gold and silver certificates.....	52,241,010 .	53,341,700 .	54,425,740
Total principal.....	\$ 413,135,301 .	\$ 415,857,925 .	\$ 416,276,864
Unclaimed Pacific Railroad interest.	7,927 .	7,927 .	8,456
TOTAL DEBT, principal and interest.	\$ 2,121,481,475 .	\$ 2,113,474,103 .	\$ 2,113,164,589
Total Cash in the Treasury.....	222,299,739 .	221,674,535 .	233,208,176
Debt, less Cash in the Treasury at date.	\$ 1,899,181,735 .	\$ 1,891,799,568 .	\$ 1,879,956,412
Decrease of debt during the month,	5,699,430 .	7,382,167 .	11,843,155
Decrease of debt since June 30, 1880.	42,990,559 .	59,372,727 .	62,215,882

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 2,208,833 .	\$ 3,059,712 .	\$ 2,795,597
Debt on which interest has ceased...	11,484,395 .	7,273,285 .	6,598,725
Interest thereon.....	856,885 .	753,389 .	760,292
Gold and silver certificates.....	52,241,010 .	53,341,700 .	54,425,740
U. S. notes held to redeem certificates of deposit.....	7,005,000 .	8,630,000 .	7,965,000
Cash balance available at date.....	148,503,615 .	148,616,447 .	160,662,822
Total.....	\$ 222,299,739 .	\$ 221,674,535 .	\$ 233,208,176

AVAILABLE ASSETS.

Cash in the Treasury	\$ 222,299,739 .	\$ 221,674,535 .	\$ 233,208,176
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BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES.

Principal outstanding.....	\$ 64,623,512 .	\$ 64,623,512 .	\$ 64,623,512
Interest accrued and not yet paid....	1,938,795 .	323,117 .	646,235
Interest paid by the United States..	47,589,861 .	49,528,566 .	49,528,566
Interest repaid by transportation of mails, etc.....	14,052,447 .	14,052,966 .	14,079,707
By cash payments five per cent. net earnings.....	655,198 .	655,198 .	655,198
Balance of interest paid by the United States.....	32,882,214 .	34,820,401 .	34,793,660

NOTES ON THE MONEY MARKET.

NEW YORK, MARCH 24, 1881.

Exchange on London at sixty days' sight, 4.80¼ to 4.80½ in gold.

We are approaching one of the periods of the financial year in which stringency of a more or less active and extensive character has been usually developed from various causes, and especially from the large shipments of currency to the interior to move the crops, or to supply the augmenting necessities for cash which are incident to the business activity of the season. Much discussion has arisen as to whether the exceptional circumstances which last spring prevented the recurrence of this annual spasm of monetary activity would be repeated now, and a wide difference of opinion has prevailed among our banking and mercantile men upon the questions involved. On one side it has been argued that the rapid growth of the West in material prosperity and wealth has made the banks of the interior less dependent upon New York, and has introduced fundamental changes into our banking system which are likely to disturb still further the old relations between the country banks and the banks of our larger cities, as well as to modify considerably the dependence and subordination which formerly existed between a great majority of the smaller banks established throughout the country and the larger banks at the great financial centers. To these arguments are added others based upon the well-known and unprecedented absorption of currency in the interior, which has attracted so much discussion since the restoration of specie payments. The inference deduced is favorable to monetary ease, so far, at least, as the April settlements are concerned; and, at present, these views appear to be accepted by many of those who, till recently, were disposed to take a less sanguine view of the monetary situation.

There are, however, not a few of our bankers and financial men who still hold that the danger of tight money has not yet passed away, inasmuch as the extra session of Congress, if it should be convened, will, perhaps, give new force to the active causes of perturbation, especially as the bank reserves are now so low as to have imparted to the financial machinery of the country a sensitive influence which would be likely to result in mischievous uneasiness and incertitude, favorable to spasmodic fluctuations in the rates of interest and in the supply of money for call loans. Several other reasons are suggested in confirmation of the views of the tight-money men, but most of these theories are losing their influence as the prospects of an extra session

of Congress grow more uncertain. Moreover, the condition of our bank reserves is not so low as has been supposed. The official reports of the United States Treasury and of the banks demonstrate that about three millions more of gold have been attracted here during the late disturbances in the money market than have since been shipped to the interior. At the beginning of February the Treasury and the banks held \$134,741,500 of gold. Two and a-half millions have been imported from abroad during this interval, and six and a-half millions have been transferred from the mint, giving a total of nine millions, so that altogether the amount of gold in the Treasury and in the banks would now amount to nearly one hundred and forty-four millions, had none of the gold remained here which came from the interior during the stringency.

In point of fact the aggregate of gold in the Treasury and in the banks last Saturday was reported at \$147,269,657. Hence, the balance of the gold shipments to and from this city by the banks of Canada and the interior, appears to be as stated, about \$3,000,000. It must, however, be remembered that our banks have been depleted of greenbacks during the same period to the extent of about four and a-half millions. It is also important to add that the reserves of our New York banks will be reinforced by \$4,800,000 of gold now on its way from Europe, and that they will, next week, begin to draw gold from the Treasury by the payment of interest on the four per cent. There is also the effect of the purchase of bonds by the Treasury, though the circular issued yesterday by Secretary Windom modifies the effect of the previous circular of 24th February, 1881. How far the monetary relief may be counteracted by the new rule announced yesterday by Treasurer Gilfillan, revoking the permission to use checks for deposit for the five-per-cent. redemption fund, remains to be seen. But at the present moment, the monetary situation is more tranquil than for some time past, the speculative excitement having been succeeded by a temporary dullness and languid quietude, and the rates for loans on call tending to favor the borrower. Time loans are quoted at five to six per cent., and prime mercantile paper at five to five and a-half to six per cent. It has been pointed out that the exchanges of our New York banks are lower than for several months past; the aggregate last week being \$812,503,681 against \$1,020,907,966, and \$1,241,050,579 for the two previous weeks. It may, however, be stated that for the three corresponding weeks of 1880 the aggregate clearings were 748, 827 and 895 millions respectively. For 1879 the exchanges were 413, 400 and 501 millions respectively, and for 1878 373, 401 and 377 millions respectively. It is contended that the falling off in the clearings of last week proves nothing as to the present or prospective reaction in the activity of business generally throughout the country, but is to be ascribed chiefly to the diminishing volume of speculative transactions in Wall Street. There are some persons, however, who believe that the dullness in Wall Street is the precursor of a general depression of business and of prices elsewhere, which threatens to be especially mischievous if an extra session of Congress should be held, and if financial discussions connected with the funding bill should arise to disturb the banking and monetary system. Comptroller Knox has published part of the aggregates of the bank statements of March 11, 1881. Those for New York City compare as follows with previous returns:

NEW YORK CITY.

Dates.		Capital.	Surplus.	Total Capital and Surplus.	Net Deposits.	Ratio of Capital, etc., to Deposits.	Ratio of Cash to Net Deposits.
		Millions.	Millions.	Millions.	Millions.	Per cent.	Per cent.
October	8, 1870.....	73.4	18.8	92.2	159.8	57.07	34.4
"	2, 1871.....	73.2	19.5	92.7	191.5	43.23	30.9
"	3, 1872.....	71.3	20.9	92.2	158.0	58.35	28.7
September	12, 1873.....	70.2	21.9	92.1	172.7	53.32	27.2
October	2, 1874.....	68.5	22.7	91.2	204.6	44.57	32.6
"	1, 1875.....	68.5	22.5	91.0	202.3	44.98	29.4
"	2, 1876.....	66.4	18.9	85.3	197.9	43.10	30.3
"	1, 1877.....	57.4	16.6	74.0	174.9	42.38	27.0
"	7, 1878.....	53.8	15.9	69.7	189.8	36.71	26.2
"	2, 1879.....	50.7	16.0	66.7	210.2	31.73	24.7
"	1, 1880.....	50.7	18.2	68.9	268.1	25.60	26.4
March	11, 1881.....	50.6	18.5	69.1	266.3	25.94	22.68

In presence of the recent discussions here and abroad as to the banking system of the United States these figures are suggestive, and they throw light upon several questions which will be and have been investigated with much attention, as to the changes in our banking methods which have grown up during the last ten years, and especially in regard to the safety and solvency of our banks, the ratio of capital to the business done by the city and country banks, and the guarantees of banking stability thence resulting. To illustrate these changes we give, as far as published, the corresponding figures for the whole of the banks of the United States, which compare as follows:

UNITED STATES.

Dates.		Capital.	Surplus.	Total Capital and Surplus.	Net Deposits.	Ratio of Capital, etc., to Deposits.	Ratio of Cash to Net Deposits.
		Millions.	Millions.	Millions.	Millions.	Per Cent.	Per Cent.
October	8, 1870.....	430.4	94.1	524.5	523.5	100.01	26.2
"	2, 1871.....	458.2	101.1	559.3	636.6	87.85	23.0
"	3, 1872.....	479.6	110.3	589.9	619.8	95.17	20.8
September	12, 1873.....	491.1	120.3	611.4	672.4	90.70	19.8
October	2, 1874.....	493.8	124.0	622.8	717.3	86.82	20.0
"	1, 1875.....	504.8	134.4	639.2	731.9	87.33	18.2
"	2, 1876.....	499.8	132.2	632.0	705.7	89.55	19.1
"	1, 1877.....	479.5	122.8	602.3	667.7	90.20	18.4
"	1, 1878.....	466.1	116.9	583.0	677.3	86.06	18.9
"	2, 1879.....	454.1	114.8	568.9	767.7	74.01	18.0
"	1, 1880.....	457.6	120.5	578.1	967.2	59.77	17.9

When the statistics of the bank statements for March 11 are completed, this subject can be profitably resumed to show how far the changes referred to have affected the country banks and the banks of the reserve cities during the period under review. Subjoined are our usual comparative statements of the New York Clearing-house banks for several weeks past:

1881.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
Feb. 26.....	\$ 316,584,400	\$ 58,074,200	\$ 13,048,000	\$ 16,181,600	\$ 296,547,300	\$ 1,485,375
Mar. 5.....	298,485,400	54,894,100	13,289,200	15,448,500	274,442,600	421,350
" 12.....	296,252,900	55,868,000	12,466,600	15,466,100	271,668,800	417,400
" 19.....	300,177,300	59,552,000	12,241,200	15,771,000	277,931,600	2,310,300

* Deficiency.

The Boston bank statement for the past four weeks is as follows:

1881.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Feb. 26.....	\$ 150,723,800	\$ 6,907,900	\$ 2,496,300	\$ 93,092,400	\$ 30,210,200
Mar. 5.....	149,351,400	6,171,700	2,467,400	87,808,400	29,813,900
" 12.....	146,629,900	5,535,400	2,470,700	85,772,500	29,831,900
" 19.....	145,529,000	5,760,100	2,532,300	85,066,900	29,845,900

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

1881.	Loans.	Reserves.	Deposits.	Circulation.
Feb. 26.	\$ 73,791,948	.... \$ 18,183,122	.... \$ 65,602,868	.... \$ 10,334,630
Mar. 5.	71,001,651	.... 16,675,724	.... 61,749,984	.... 9,876,776
" 12.	70,553,737	.... 17,173,494	.... 61,752,081	.... 9,951,033
" 19.	71,563,874	.... 17,638,697	.... 61,900,176	.... 9,996,283

The stock market has been unsettled by a multitude of causes, tending alternately to foster or to check the speculative movements which have been so conspicuous of late. Government bonds are strong and active, in consequence, partly, of the demand from investors, but chiefly for deposit at Washington by the banks. State bonds are less in favor; Tennessees are inquired for at $60\frac{1}{2}$ to $62\frac{1}{2}$ for the new series; Missouri sixes at $110\frac{1}{2}$; Alabama eights, at 72 to $72\frac{1}{2}$, and Louisiana Consols at $59\frac{1}{2}$ to 60 . Railroad bonds are less active in consequence of the unsettled condition of the monetary situation, the high prices of the best-known descriptions, and the speculative advance of others. There is, however, a fair investment demand for the sounder of the low-priced railroad mortgages. Railroad shares show a reaction from the recent feverish speculative movements, and the more conservative capitalists and bankers are more anxiously disposed to scrutinize their loans. Subjoined are our usual quotations:

QUOTATIONS:	Feb. 24.	March 3.	March 10.	March 17.	March 24.
U. S. 6s, 1881, Coup...	101 $\frac{1}{2}$..	101 $\frac{1}{2}$..	102 ..	102 $\frac{1}{2}$..	101 $\frac{1}{2}$
U. S. 4 $\frac{1}{2}$ s, 1891, Coup.	111 ..	111 $\frac{1}{2}$..	111 ..	111 $\frac{1}{2}$..	111 $\frac{1}{2}$
U. S. 4s, 1907, Coup...	112 $\frac{1}{2}$..	113 $\frac{1}{2}$..	112 ..	113 $\frac{1}{2}$..	113 $\frac{1}{2}$
West. Union Tel. Co..	115 ..	115 $\frac{1}{2}$..	116 $\frac{1}{2}$..	114 $\frac{1}{2}$..	113
N. Y. C. & Hudson R.	146 $\frac{1}{2}$..	147 $\frac{1}{2}$..	145 $\frac{1}{2}$..	144 $\frac{1}{2}$..	142 $\frac{1}{2}$
Lake Shore.....	127 $\frac{1}{2}$..	126 $\frac{1}{2}$..	125 $\frac{1}{2}$..	126 $\frac{1}{2}$..	125 $\frac{1}{2}$
Chicago & Rock Island	134 ..	135 $\frac{1}{2}$..	134 ..	133 ..	131
New Jersey Central...	102 $\frac{1}{2}$..	105 $\frac{1}{2}$..	102 $\frac{1}{2}$..	105 $\frac{1}{2}$..	97 $\frac{1}{2}$
Del., Lack. & West....	123 $\frac{1}{2}$..	124 $\frac{1}{2}$..	128 $\frac{1}{2}$..	125 $\frac{1}{2}$..	118 $\frac{1}{2}$
Delaware & Hudson..	107 ..	109 $\frac{1}{2}$..	112 $\frac{1}{2}$..	111 $\frac{1}{2}$..	107 $\frac{1}{2}$
Reading.....	66 $\frac{1}{2}$..	67 $\frac{1}{2}$..	63 $\frac{1}{2}$..	64 ..	58 $\frac{1}{2}$
North Western.....	126 $\frac{1}{2}$..	124 ..	122 ..	123 $\frac{1}{2}$..	120 $\frac{1}{2}$
Pacific Mail.....	55 $\frac{1}{2}$..	55 $\frac{1}{2}$..	57 ..	57 $\frac{1}{2}$..	54 $\frac{1}{2}$
Erie.....	48 $\frac{1}{2}$..	48 $\frac{1}{2}$..	47 $\frac{1}{2}$..	47 $\frac{1}{2}$..	45 $\frac{1}{2}$
Discounts.....	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6
Call Loans.....	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	4 @ 6
Bills on London.....	4.82 $\frac{1}{2}$ -4.85 ..	4.81-4.83 $\frac{1}{2}$..	4.80-4.82 $\frac{1}{2}$..	4.81-4.83 $\frac{1}{2}$..	4.80 $\frac{1}{2}$ -4.82 $\frac{1}{2}$
Treasury balances, coin	\$ 88,908,733	\$ 88,538,119	\$ 91,649,934	\$ 88,645,680	\$ 89,930,411
Do. do. cur.	\$ 3,956,945	\$ 4,437,424	\$ 3,800,295	\$ 3,512,960	\$ 3,308,680

During the first week in March silver certificates to the amount of \$1,443,000 were paid in for duties at the New-York Custom House.

The amount of bonds offered to the Treasury, March 9, was \$14,483,350: the fives at 100.75 to 100.53; the sixes at 102 to 102.46. The Secretary purchased \$5,000,000, all sixes, and at prices ranging from 102 to 102.46.

The details of the offers made were as follows: \$9,200,300 of sixes at an average of 102 $\frac{1}{4}$; \$4,686,600 of uncalled fives at an average of 101 $\frac{3}{8}$, and \$596,000 of called fives at about 101.

During the year ending March 1, 1881, there was an increase of \$695,886 in the amount of outstanding National-bank notes, but there was also an increase of \$19,634,275 in the amount of legal tenders on deposit for the redemption of bank notes. The effect of both increases, taken together, was to diminish the amount of the currency \$18,938,389.

On the 8th of March, at a meeting of the stockholders of the Pennsylvania Central Railroad, an approval was given to a contract made by the Directors to purchase a majority of the stock of the Philadelphia, Wilmington and Baltimore Railroad.

During the year 1880 the Union Pacific Railroad sold 143,483 acres of land for \$685,132.

A city paper (*American Exchange*) of March 19, while declaring its opposition to State-bank paper issues, considers them preferable to Government circulating notes. It is unnecessary and dangerous to raise such a question as that. The people of this country will never tolerate State-bank issues, and will take anything else in preference to them.

The new French loan of \$200,000,000, offered to the public, March 17, was subscribed for thirty times over. The subscriptions were large in London, and elsewhere out of France, but of course, were principally made by the French. The subscription price was about two and one-half per cent. below the current market price of the three-per-cent. rentes heretofore issued. The *Pall Mall Gazette* of London says: "Everybody who had command of money or securities, and who saw profit in the operation, offered to take many times as much as they could hope to get. In this sense the huge total subscription is a huge fiction. This kind of triumph is not the most wholesome for a community, nor is this mode of doing business the fairest to the classes from whose savings the actual money raised by the loan must ultimately come." The new loan is payable in seventy-two years, and there are also to be annual drawings of certain amounts to be paid off at par.

The British trade returns for February show that the imports increased £3,400,242, and the exports £331,000, as compared with February of last year.

The London Metropolitan Board of Works has recently placed a three per cent. loan, payable in sixty years, for £2,500,000, at the price of $94\frac{8}{10}$ per cent.

DEATHS.

At PITTSBURGH, Pa., on Saturday, February 12, aged seventy-four years, C. A. COLTON, Treasurer of the Dollar Savings Bank of Pittsburgh.

At MEMPHIS, Tenn., on Tuesday, February 22, aged fifty-six years, CHARLES WESLEY GOYER, President of the Union and Planters' Bank.

At INDIANAPOLIS, Ind., on Wednesday, March 16, aged seventy-four years, WILLIAM M. MORRISON, President of the First National Bank of Indianapolis.

At HAGERSTOWN, Md., on Friday, February 25, aged sixty-five years, Judge PETER B. SMALL, Cashier of the First National Bank of Hagerstown.

At CLEVELAND, Ohio, on Monday, February 21st, aged fifty years, ALBERT K. SPENCER, Cashier of the First National Bank of Cleveland.

At OWEGO, N. Y., on Thursday, March 24, aged seventy-four years, Hon. LYMAN TRUMAN, President of the First National Bank of Owego.

At URBANA, Ohio, on Monday, February 28, EVAN G. WILEY, Cashier of the Third National Bank of Urbana.

THE
BANKER'S MAGAZINE
AND
Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

MAY, 1881.

No. 11.

THE PUBLIC FINANCES.

The event of the past month was the issue by the Treasury of two calls for all the outstanding sixes; the date of payment being fixed on the 1st of next July. These calls will be found elsewhere in this number of the Magazine. One of the calls is for the \$638,200 of outstanding bonds known as the "Oregon War Debt." The other call is for \$195,690,400, being all the remainder of the sixes, and it contains a provision that holders who make such a choice, on or before May 10, may have their bonds extended at three and a-half per cent. interest from July 1, leaving to the Government the right to pay at pleasure after that date.

We approve unqualifiedly of what the Secretary has done in this matter, and are glad to hail it as an augury of a sound and successful administration of the Treasury during his term of office.

The rate of interest which the Secretary has fixed upon such of the called bonds as the holder shall choose to extend, while it is probably high enough to induce a great majority of them to ask an extension, is still low enough to effect a most important saving to the Government, and it is really as low as could be expected upon a loan, in respect to which the option of paying at pleasure is reserved to the Treasury Department. A rate of three and a-half per cent. upon a security redeemable at the option of the borrower, is in a fair proportion to a rate of three per cent. upon a security not redeemable except after five years, which was the form of security which the late Congress sanctioned.

As to the criticisms upon the legality of the Secretary's *programme*, we see nothing in them which requires any serious discussion. As to the holders of the bonds, they have no occasion to trouble themselves with any questions of that kind. They will remain the holders of securities, which, until paid off, will entitle them to so much of six per cent. interest as they do not voluntarily waive.

In the call of April 11, the Secretary only binds himself to give an extension to such holders as ask for it on or before the 10th of May. But he remains free to give such an extension to those who may ask for it later, if he shall hereafter come to the conclusion that it would be for the interest of the country to do so. It is quite possible that if the summer shall bring with it the plethora of money usual in that season, such holders of the sixes as may not have asked for an extension, on or before the 10th of May, may desire it later on.

In respect to the fives which will be reduced to about \$438,000,000, as the result of the call for \$25,000,000 made on the 21st of February, it is supposed that the Secretary will soon issue a call, and with an offer to extend at three and one-half per cent. in cases where that is asked for by the holders, and it is also now believed that nearly all the holders will make that request. If this proves to be so, the Secretary will have in his surplus revenue, and in the cash in the Treasury which he is authorized to use, ample means to meet all demands, without resorting to his power to issue notes and certificates under the Act of 1864, or bonds under the Act of 1870. If he is forced to issue the latter class of bonds, we hope and believe that he will date them so far back as to be redeemable within five years from the present time. That was the utmost term of time for which either branch of the late Congress was willing to deprive the Government of the option of paying, and in that particular, Congress represented the overwhelming preponderance of public opinion. What the country desires in respect to the debts of 1881 is, that they should be paid, not perpetuated.

All the fives issued under the Act of 1870, and the supplementary Act of 1871, were dated May 1, 1871, although some of them were not issued until 1877. The fours issued in 1879 were dated in 1877. The power of the Secretary to ante-date is established by all the precedents, and indeed, we have always believed that upon the true construction of the Act of 1870, and the supplementary Act of 1871, none of the bonds ought to have been dated later than 1871. If the Secretary is now forced to issue four-and-one-halves, he has only to date them in 1871 and they will be redeemable in 1886.

During the month of March the reduction of the net

debt of the United States was \$6,192,819, making a total reduction of \$68,408,701 since June 30, 1880.

During the month the cancellation of bonds by the Treasury reduced the sixes from \$202,266,550 to \$196,378,600, and reduced the fives from \$469,320,650 to \$463,590,850. The saving of annual interest by these cancellations amounts to \$639,767. The total saving of annual interest in that way since October 31, 1879, has been \$7,487,588. We are sometimes told that to pay off debt helps posterity but does not help the generation which pays it, but it would look as if a reduction of \$7,487,588 in current interest charges in seventeen months would relieve us now just so much.

During March 2,299,925 silver dollars were coined, making the total number coined to the end of March, 84,359,830. Of these, there were in circulation, 68,629,487 as follows: In the metallic form, 29,183,672. In the certificate form, 39,445,815.

During March the reduction of the outstanding fractional currency was \$12,435. We notice that the new Secretary has returned to the old and proper practice of stating the amount of this currency outstanding as the books show it. Mr. Sherman deducted a certain estimated amount of lost notes, which was clearly without authority of law.

During March the reduction of the principal of that part of the debt on which interest has ceased since maturity, was \$505,260.

The total amount of cash held in the Treasury at the end of March was \$230,814,694, but of that amount, \$63,155,000 consisted of gold, silver and greenback dollars, the property of individuals deposited merely for safe keeping, so that the cash actually owned by the Treasury was only \$167,658,992. We do not believe that secretaries of the Treasury have any right to mix up in their statements the money belonging to the Treasury with money not belonging to it, or that they have any right to put down among the debts of the country, certificates given out for deposited money. It is not for Secretaries of the Treasury to assume to decide, that the country is under any obligation in respect to such money, except not to use it, and to exercise due vigilance in keeping it. Such deposits are nothing but bailments without hire, permitted at the instance and for the convenience of depositors, and to classify them as debts involves very serious questions.

The metallic reserves of the Treasury were as follows, at the two dates named:

	<i>April 1.</i>	<i>March 1.</i>
Gold coin and bullion (less outstanding certificates).....	\$ 167,644,262 .	\$ 166,708,852
Silver dollars (less outstanding certificates).....	15,730,343 .	15,911,663
Subsidiary silver coin.....	26,283,891 .	25,813,058
Silver bullion.....	4,017,770 .	5,356,308
	<hr/> \$ 213,676,266 .	<hr/> \$ 213,789,881

STATE TAXATION OF THE BANKS.

The tax controversy between the banks and the Legislature in the State of New York is just entering upon a new phase. Judge Van Cott, from the Special Commission appointed for that purpose, presented, on the 19th inst., the following bill to the joint committee of the Legislature on Assessment and Taxation. It has been prepared after minute, patient, and protracted inquiries, and some of its provisions seem to be intended chiefly to reach the private bankers and the foreign financial institutions doing a banking business in New York.

To provide for the taxation of banks and of moneyed capital engaged in the business of banking, receiving deposits, or otherwise.

SECTION 1. All banks and individual bankers shall annually, before February 1, pay to the Comptroller a State tax on the business in this State of one-half of one per cent. on the average of all sums of money received on deposit, and of all sums employed in such banking business during the year ending the preceding 31st day of December.

SECTION 2. They shall also file with the Comptroller, before February 1 of each year, a detailed statement of the amounts upon which the tax is based. Failure to comply with this provision incurs a penalty of ten per centum on the amount of the tax imposed, to be recovered in an action to be brought by the Attorney-General.

SECTION 3. Detailed statements must be made so as to be inspected by the Comptroller, or clerk designated by him, during business hours of any day on which business may be transacted.

SECTION 4. Stockholders shall be assessed on the value of their shares of stock, said shares to be included in the valuation of the personal property of such stockholders in the assessment of taxes at the place where such bank or banking association is located, and not elsewhere. Each stockholder shall be allowed all the deductions and exemptions allowed by law in assessing the value of other taxable property owned by individual citizens of this State, and the assessment shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens.

SECTION 5. A detailed list of stockholders, with the amount of shares owned by each, shall be kept in the bank at all times for inspection.

SECTION 6. When the stockholder does not reside in the same locality where the bank is located, the collection of the tax is to be made by the Tax Collector and County Treasurer.

SECTION 7. Every bank shall retain so much of any dividend belonging to such stockholders as shall be necessary to pay the taxes imposed.

SECTION 8. All obligations, liabilities, and taxes heretofore incurred under chapter 596, laws of 1880, shall be enforced.

SECTION 9. This Act shall take effect immediately.

Whether this bill will pass the Legislature without change seems to be doubted; certainly, in its present shape, it has provisions which should be opposed by all friends of sound banking and honest taxation. To the first section two obvious objections are suggested: First, it assumes the right of the State government to tax bank deposits, and, secondly, it imposes a burden on the business of banking, which is too heavy for endurance, and if enforced it would inevitably

check the growth of our financial system and might destroy certain productive branches of the business altogether.

As to the first of these objections it is argued that in the United States our State legislatures should be limited in their fiscal exactions to real and personal property owned by the taxable citizens. Bank deposits have never been included in this category, and therefore the banks have not heretofore been called upon by the State assessors to embrace such deposits in the assessment schedules. The only principle by which the deposit tax can be supported is, that the Legislature has a right to impose a license tax for the privilege of doing business within the territory and under the protection and jurisdiction of the Government. Such a license tax, however, cannot be claimed by any State legislature from the National banks. These institutions need no such license, for they derive none of their privileges from the State government. They are chartered by Congress and do business under laws passed by the Federal Government. As the State legislature did not create the National banks within its limits and exercises no jurisdiction over them, it has no power to charge them for the banking privileges or to impose upon them any license tax for doing a banking business in the State. Hence, the deposit tax imposed in the bill before us can have no application to the National banks; and if it should be levied upon them, the attempt would give rise to an immediate litigation, the result of which could scarcely be either protracted or doubtful.

But if the deposit tax levied in section one could not be enforced against the National banks, it would be equally invalid against the State banks under the law passed by our State Legislature some years ago, which declares that all banks chartered by State authority shall have the same privileges and exemptions in regard to State taxation, which are enjoyed by the National banks. Hence, it would appear that the sole object of this part of the bill is to reach the private bankers, the trust companies and the foreign institutions in New York that do a banking business. Upon these the pressure of taxation has fallen very lightly, and for many years this exemption from discriminating taxes has been among the prominent causes of that rapid growth of private banks and other moneyed institutions which has conferred so many benefits on our foreign commerce and financial progress. Of course these banks should pay taxes to the State government as do other banks with which they compete in business; but this condition is sufficiently met by the other sections of the bill, or if not it could easily be provided for, were the offensive provisions of the first section expunged altogether.

Whether the time is well chosen for the new fiscal burdens which these hitherto favored banks are to be asked to bear,

we need not here inquire. They claim that by a gradual process of change the reduction of the rate of interest which has been so conspicuous a feature on the financial history of the last ten years has so curtailed the legitimate profits of their business that at present, without any new fiscal burdens to impoverish them, they would find it almost impossible to continue their business as heretofore. If this be so, the new bill would prove a failure as a revenue measure. For, instead of bringing money into the Treasury, it would weaken and aid in crushing some of the institutions which form part of the productive machinery and help to develop the financial strength of the community.

This brings us to the second point, which is that the tax proposed in Judge Van Cott's bill is too heavy, and that the banking business in this city and State is not organized in such a way as to render possible to the banks the payment of one-half per cent. upon the money deposited by their customers, in addition to all other existing burdens. Bank deposits are of such a diverse nature, and the profits of the banks in handling them are liable to such numerous contingencies, that the banks in all the great financial centers of Europe have been exempted from the mischievous operation of taxation on their deposits; and such a tax has never been attempted in England, France, Germany, or Italy, in the most severe crises of war finance. The American Bankers' Association has for some years urged these facts upon Congress, with such success that the bill for the repeal of the Federal tax on bank deposits has won favorable consideration, and the tax will probably be repealed next session. With this reform in view, it is obvious that any attempts on the part of the State legislatures to impose a discriminating tax upon the deposits of banks, bankers, or trust companies, would be so contrary to sound policy, that even if it were not open to other vital objections, it should be opposed not only by the friends of the banks, but by all citizens who desire the growth and prosperity of the country. Hence, it is hoped that the first section of the new bill will be expunged. With regard to the other sections there is less objection. A few minor amendments will be all that would probably be considered necessary, as the measure has been prepared by experts who have been for many years practically familiar with the difficulties of bank taxation. The objections which have been evoked by the new measure are almost wholly directed against the first section, which appears to have been inserted in the bill subsequent to its completion. Certainly if this offensive and mischievous section had been omitted, the bill would have had a much better prospect of becoming a law; it would have commanded more of the approbation of the public, and evoked a less formidable opposition.

ASPECTS OF TRADE.

The full returns of our foreign trade in February show that the excess of merchandise exports over imports was \$19,900,295 as compared with \$4,309,202 in February, 1880, and that the excess of specie and bullion exports over imports was \$465,073, as compared with an excess of imports over exports of \$279,762, in February, 1880. Taking the whole trade in merchandise, specie and bullion, the favorable balance was \$20,365,368 in February, as compared with \$4,029,440 in February, 1880. Of course, some part of the favorable balance of February, 1880, was absorbed in paying freights, and in our foreign interest account, but there was a good deal left to provide for the purchase of American securities held abroad, the flow of which homeward is large and continuous, and will remain so as long as we adhere to the wise policy of reducing the National debt.

During the last six years the exports of bacon and hams were as follows :

<i>Fiscal year ending June 30.</i>	<i>Fiscal year ending June 30.</i>	<i>Fiscal year ending June 30.</i>
1875.... \$28,612,613	1877.... \$49,512,412	1879.... \$51,074,433
1876.... 39,664,456	1878.... 51,752,068	1880.... 50,987,623

During the same period of six fiscal years, the exports of horned cattle were \$1,103,085 in 1875, \$1,110,703 in 1876, \$1,593,080 in 1877, \$3,896,818 in 1878, \$8,379,200 in 1879, and \$13,344,195 in 1880; and during the first quarter of the fiscal year 1881 the exports of cattle were \$5,616,899, as compared to \$3,745,789 for the same period of the fiscal year 1880.

The quantities and values of raw wool imported into the United States from foreign countries from 1875 to 1880, inclusive, were as follows :

<i>Fiscal year ending June 30.</i>	<i>Pounds.</i>	<i>Value.</i>	<i>Fiscal year ending June 30.</i>	<i>Pounds.</i>	<i>Value.</i>
1875..	54,901,760	.\$11,071,259	.. 1877..	48,449,079	.\$8,363,015
1876..	44,642,836	8,247,617	.. 1879..	39,005,155	5,034,545
1877..	42,171,192	7,156,944	.. 1880..	128,131,747	23,727,650

The doctrine of the modern theorists is, that nothing should be protected against foreign competition except manufactures, and that raw materials should all be absolutely duty free. That was not the doctrine of the fathers, who held that everything essential to National independence should be protected. Among such things stand pre-eminently iron and wool. As to the latter, with the extension of our population over Colorado, New Mexico, Texas, and other regions of the illimitable West and South-West, there

is now no description which we cannot advantageously produce. The wool tariff needs revising so that no kind of wool shall be admitted duty free. American wool-raisers are customers for American goods, which is more than can be said of wool-raisers in Australia, the La Plata countries, or the Cape of Good Hope.

In a city paper, the *Tribune*, of March 31, we find a report of interviews on the preceding day with certain New York bankers, in respect to the amounts of United States fives and sixes then held abroad, and the amounts returned within the immediately preceding months. We make from that report the following extract, italicising certain portions of it :

By the bankers who do a large foreign business, it was said to be almost impossible to fix, even approximately, the amount of these bonds held outside of this country, particularly *as the importation of fives had been very large in the last two months*. A member of the firm of L. Von Hoffmann & Co., which has been prominent by its large dealings in Government bonds for foreign account, estimated yesterday that \$25,000,000 of the sixes, and between \$40,000,000 and \$50,000,000 of the fives, were held in Europe. It was insisted, however, that the estimate was purely conjectural, for he said that the amount had been largely reduced since February 1, by shipments of the fives to this country. *Within the last two months his firm alone had received between \$10,000,000 and \$15,000,000 from Europe, and many other houses had received also considerable amounts*. It was said to be impossible even to guess what the aggregate importations had been recently, *but that they had been very large was beyond dispute*. To an inquiry as to what would be the probable effect on the shipments of the maturing of the last coupon on the fives, it was replied that it would be to increase them largely. It was, in fact, predicted that the bulk of the fives held in Europe would be returned to this country before May; but the opinion was expressed at the same time that the return would be so gradual, and the amount of the bonds was comparatively so small, that the movement would have no effect at all on the money market here.

As we have many times pointed out during the past few months, the large favorable balance of our foreign trade is indubitable proof that the flow of American securities must be, upon the whole, inward and not outward. With the current excess of exports over imports, we are getting out of foreign debt, not getting into it. We rejoice that it is so. In a National point of view, absentee creditors differ in no economical aspect from absentee landlords.

From January 1 to April 9 the merchandise imports at New York were \$22,759,739 less than during the corresponding period of 1880. From January 1 to April 5 the merchandise exports at New York were \$14,194,146 greater than during the corresponding period of 1880.

From January 1 to April 9 the net import of specie and bullion at New York was \$14,987,493, as compared with a net export of \$278,448 during the corresponding period of 1880.

During the period named, the balance of foreign trade of New York City, including merchandise, specie and bullion, was, therefore, more favorable this year than last by the important sum of \$21,687,940.

During March, the exports of breadstuffs from the United States amounted to \$22,262,474, as compared with \$22,297,773 during March of last year. The exports of breadstuffs from the principal ports for the nine months ending March 31, 1881, compare as follows with the exports for the nine months ending March 31, 1880:

	<i>Nine months ending March 31, 1881.</i>	<i>Nine months ending March 31, 1880.</i>
New York.....	\$94,021,079	\$93,861,829
Boston.....	12,308,894	10,411,009
Philadelphia.....	18,097,260	20,549,437
Baltimore.....	39,717,527	44,833,435
New Orleans.....	9,210,881	6,300,271
San Francisco.....	17,740,714	21,485,374

The Chief of the Bureau of Statistics reports that the total values of the exports of domestic provisions, tallow and dairy products during the month of March, 1881, were \$14,325,839, and during March, 1880, \$12,530,260.

In round numbers, the importation of gold from Europe during the first four months of 1881 amounted to \$25,000,000 against none during the corresponding four months of 1880. This import of gold is much less than the excess of our exports of merchandise over imports of merchandise.

THE BI-METALLIC RATIO OF 15½.

Hon. A. J. Warner, in a communication to the press, maintains (1) that if the Paris Conference agrees upon any ratio between gold and silver, it will be the ratio of fifteen and one-half to one; (2) that the United States ought to agree to that ratio if Europe proposes it; and (3) that the most expedient way to establish that ratio in our coinage is to reduce the silver in the silver dollar three per cent., rather than to increase the gold in the gold dollar by that percentage. On these points General Warner says:

But when European governments propose, for reasons satisfactory to themselves, to ask us to unite on fifteen and one-half, on what grounds can the United States object? No good reason, it seems to me, can possibly be given for objecting to fifteen and one-half. It may be urged that the silver dollar has never been changed, and that it ought to be kept at its original standard weight. But the *weight* of the dollar has been changed, although not the weight of pure silver it contains. But if this were really an objection, the weight of the gold dollar could be increased, but for various

reasons that would not likely be done. The objection . . . is that which led the Greenback members of Congress to object to the Conference itself. That is, if the silver dollar were reduced in weight to 399.9 grains, so as to make it conform to the new ratio, it would not be a tender in payment of the public debt, which is payable in coin of the standard value of 1870. But granting that that would be true, the new dollar of 399.9 grains would exchange for a gold dollar that *would pay all debts*; so that, as a practical fact, a 399.9 silver dollar would be received just as readily as the gold dollar of 25.8 grains in all transactions. For with all the governments, and at all the mints of Europe, under the consensus we are supposing then to exist, the silver bullion in the dollar of 399.9 grains will have the same value that 25.8 grains of gold will have, so that the objection on the ground stated I think entirely fails on full examination.

What will happen if the ratio of fifteen and one-half is adopted? European coins will remain as they are. The condition that existed prior to 1873, will be reestablished, for it was the ratio of fifteen and one-half and not of sixteen that then in fact everywhere obtained. In the report of the Silver Commission of 1876, which exerted so strong an influence in turning the scale in this country in favor of the use of both metals, Senator Jones recommended, and strongly supported, the fifteen and one-half ratio. This ratio would be broad equity everywhere. What would be done in the United States? Either the gold dollar would be increased to 26.6 grains, in which case the Government would lose a little over three per cent., or the silver dollar would be reduced to 399.9 grains. It would evidently be our interest to change the silver dollar. There are now but about 80,000,000 of silver dollars coined on the ratio of sixteen to one. The recoinage can be made, where the metal is already at the standard value, for about one-fifth of one per cent., which would leave a clear profit of nearly three per cent. to the Government or the holder. This would leave our gold coins as they are. The present silver dollar, after the adoption, internationally, of the fifteen and one-half ratio, will be at a premium *over gold* of three per cent., and the new dollar of 399.9 will be at par with the present gold dollar of 25.8 grains.

The cost of recoinage either our gold or silver dollars is a comparatively unimportant consideration, in determining which class of dollars shall be recoined, in the event of the adoption by this country of the ratio of fifteen and one-half to one. But we think General Warner is mistaken in stating the cost of recoinage silver dollars so low as one-fifth of one per cent. That was the charge fixed by the coinage Act of 1873, for the conversion of standard *gold* bullion into coin, and it was so fixed upon an estimate that that was the actual cost. Tables appended to the Mint report for the year ending June 30, 1873, show that the actual cost was greater, but in those tables there is included the loss by the abrasion of old coins brought in to be reminted. The loss by abrasion ought not to be included. It is a loss which must be borne in any event, either by the Government or by the people.

In respect to silver, the coinage Act of 1873 (section 25)

prescribed that the charge for coining trade dollars should be fixed from time to time by the mint authorities, "so as to equal, but not exceed, in their judgment, the actual average cost to each mint and assay office of the material, labor, wastage and use of machinery employed." They did, in fact, under this section, fix the cost at one and one-quarter per cent. at the Philadelphia mint, and one and one-half per cent. at the San Francisco mint. This included the expense of "melting and refining when bullion is below standard," etc., etc.

In 1876, the late Mr. Allard, then executing, under a contract, the coinage of the Belgian Government, proposed to the Government of the United States to coin our silver dollars at a charge of three-fourths of one per cent.

MONETARY AFFAIRS IN EUROPE.

The Paris correspondent (March 24) of the London *Economist* says: "The bullion houses are purchasing Napoleons at one per 1,000 premium all round, and two per 1,000 for heavy pieces."

This is a very trifling premium for full-weight gold pieces, and is less than was paid in Paris last fall. The actual retail gold currency of England consists of light sovereigns, said to be worth on an average only ninety-seven per cent. of the full-weight coin.

A telegram from Paris, early in April, stated that the Bank of France was paying on demands for coin one-fourth in silver, and three-fourths in gold. The story is an improbable one, and there is no sufficient authority for believing it. The Paris correspondence of the London *Economist*, of April 2, says that the Bank is "chary of its gold," but that is vague and general language which may mean something or nothing. The only specific fact given in that correspondence is, that the Bank is not paying out heavy Napoleons suitable for export. But that is no new fact, inasmuch as the Bank exacted a small premium for that class of gold coins last fall. It has not been losing gold during the past four months, and there seems to be no reason why it should adopt any new policy in respect to its payments.

Mr. Gladstone's budget statement, submitted to the British House of Commons early in April, figures out a surplus of \$4,665,000 for the fiscal year ending on the 31st of March last. He estimates that if taxes remained without alteration, there would be a surplus of about \$6,500,000 for the current fiscal year, but he proposes to reduce this to \$1,475,000. The reduction is to be made principally by taking off the

penny in the pound added to the income tax in June last, but partly by successive lowerings and eventual total repeal of the tax of eighteen pence per ounce upon silver plate. On the basis of this pitiful surplus of \$1,475,000 per annum, he proposes to reduce the National debt in a few years by the great sum of \$300,000,000, by the strange process of converting short annuities into long ones, which is manifestly a method of perpetuating debts instead of paying them. This whole budget of Mr. Gladstone is a piece of transparent charlatanism, but not one whit more discreditable to him than to the House of Commons which received it with cheers. The (so called) financiers of Europe will find, when they have reached the point of repudiation, towards which they are steadily tending, that General Washington was right in saying that public debts cannot be paid without revenue, that taxes are necessary in order to obtain revenue, and that taxes cannot be expected to be convenient and agreeable. The cheers of the British House of Commons would probably have been even more enthusiastic and deafening, if Mr. Gladstone, instead of proposing to reduce the income tax one penny in the pound, had proposed to abrogate it altogether.

Of the depression in the cotton goods trade of England, the British *Mercantile Gazette*, of April 1, says: "No small part of our commercial retrogression is due to the infatuated greed of the trading world, who, for the sake of a small extra profit, have sold such trash to the Orientals as to sicken those staunchest of customers. To re-establish our commercial supremacy we require drastic changes in our trading organization, and it is too probable that the bitter experience of long-continued unprosperity will prove the only potential cure."

The London *Mercantile Gazette* maintains that a British National security, if payable at a fixed date, not too remote, could be negotiated at even a better rate than three per cent. It says:

"It is quite certain this country could float a three-per-cent. bond emission, terminable in from five to twenty years; more than likely it might fetch a slight premium."

It speaks of the perpetual consol as an "antiquated system of finance," and prefers the American plan of short bonds.

The London *Bankers' Magazine*, for March, says:

"There has been a temporary period of dullness in the stock markets, both as regards prices and in the amount of speculation going forward; and as, at the same time, both the Continental and the United States Stock Exchanges have shown continued buoyancy, many stocks which we had previously been importing largely have now returned to the markets from whence they came. This is one reason why money is more plentiful."

AMERICAN BANKING IDEAS IN ENGLAND.

We cut from the *British Mercantile Gazette*, of March 4, the following account of a bill introduced into the British Parliament in respect to the bank-note circulation in the United Kingdom :

Mr. Anderson, M.P., has introduced into the House of Commons a bill which threatens the destruction of the monopoly which certain banks at present possess of issuing notes. The bill would authorize the Treasury, on receiving an application from a bank, "on full consideration of the whole circumstances," to grant the privilege of issue for such an amount as may be deemed expedient, with the limitation that it may not exceed half the paid-up capital of the bank, or £400,000. Another limitation is, that when the aggregate of the new issue-privileges reaches £70,000,000 the sanction of Parliament is necessary for subsequent grants. On obtaining the privilege a bank is required to deposit with an officer, to be called the "Treasurer to the Banks of Issue," government securities sufficient to cover such amount of issue as is meant to be put into circulation. But the Treasurer, in paying over to the bank the dividends on these securities, is directed to retain on behalf of the National revenue, two per cent. on the note issue. With regard to existing banks that have an unsecured note issue, the bill contains a provision for their notes being secured by the deposit of government securities, the deposit being made in installments of one-fifth annually. For the next ten years it is proposed that the dividends on these securities shall be paid over to the banks in full, and that for the subsequent ten years one per cent. on the note issue shall be retained by the Treasurer, and thereafter two per cent. Power is also given to banks which now have an issue of notes on the basis of keeping a corresponding amount of gold to exchange this issue for one secured by government securities, two per cent. being also the hire fixed in this case. Though £200,000 is the limit of the amount allowed by the bill for each of these banks in excess of its authorized unsecured note issue, the old and the new issues together are not to exceed half the paid-up capital. The notes which it is proposed to allow the banks to issue are for £1, as well as for £5, £10, £20, and £100. With a view to preventing the privileges of the Bank of England from interfering with the working of the measure, the Treasury is empowered to direct the statutory notice to be given that at the end of twelve months the arrangement under its charter will cease; and if a modified arrangement cannot meantime be made, the Treasury is directed to borrow and add to the National debt the sum necessary to pay on the debt to the bank, which amounts to about £11,000,000.

As will be seen, Mr. Anderson's bill adopts fully the leading principle of the American National banking law, which is that of basing the bank-note currency upon Government bonds, to be held by the Treasury Department.

His bill proposes a heavier tax on this currency than is imposed in this country, two per cent. instead of one per cent., but that is more than offset by the fact that his bill imposes no tax on either the capital or deposits of banks.

As to existing banks (including the Bank of England), Mr. Anderson's bill proposes to bring them all at last under the new *regime*, including the two-per-cent. tax on circulation, but to do this very gradually and with as little disturbance of present interests as possible. In respect to the unsecured circulation which they now enjoy, they are to be allowed five years to put up Government bonds, in equal annual installments. They are to be exempted altogether from the circulation tax for a term of ten years, and to pay only half of the tax for the next ten years. As to that part of their present circulation which is based upon gold, dollar for dollar, they are at once to substitute Government bonds for such gold.

It will be noticed that Mr. Anderson's bill authorizes the issue of £1 notes. This proposition was made a year ago by Robert Giffin, and is based upon the same views of the scarcity of gold which have recently induced the French Government to require the Bank of France to increase its issue of notes for 100 francs, and to resume the issue of notes for fifty francs.

The English are proverbially slow to adopt new things, and it may be some time before any of the changes proposed by Mr. Anderson are agreed to, and they are never likely to be agreed to without many modifications not now possible to be foreseen. But we have been rather surprised at the degree of favor which they seem to have met already.

The London *Economist*, of February 26, in a notice of the bill, observed :

It will be time enough to discuss them if the proposals of the bill ever come to be seriously considered, but in the meantime this attempt at legislation may be noted as a sign that the existing note-issuing arrangements, and more particularly those of the Scotch banks, are not regarded with favor, and that some comprehensive scheme of reform is needed.

In the same number of the *Economist*, we find expressions even more decided, in the following notice of a pamphlet letter of John Leng, upon Scotch Banking Reform :

Mr. Leng supports his arguments by an outline of the system of National banks in the United States, which he recommends as a model to be followed in this country. We have often had occasion to notice the advantages which the United States have reaped from this system of banking. It has made the note issue of those banks secure, and greatly facilitated the reduction of the United States public debt. A modification of the National-bank system might well be advantageously employed here, and we are very glad to see that Mr. Leng has called attention to it in Scotland.

BRITISH FOREIGN INVESTMENTS.

In the London *Banker's Magazine* for March, there is an estimate of British investments in home and foreign securities. The aggregate is given at 3,465 millions sterling, or about 17,000 million dollars, bearing an annual interest of 157 millions sterling, or about 775 million dollars. M. Dechend, the President of the German Imperial Bank, said that although he was accustomed to large figures, it "made his head swim" to state the losses on the sales of German silver. What he would say to the figures of the securities in the pockets of the English does not appear.

The items of British foreign investments, as given in the *Banker's Magazine*, are the following :

	<i>Principal.</i> <i>Millions</i> <i>sterling.</i>	<i>Interest.</i> <i>Millions</i> <i>sterling.</i>
India Government and railway stocks.....	180 ..	8.1
Colonial debentures (government, city, etc.).....	135 ..	6.8
Foreign government stocks.....	750 ..	28
Colonial and foreign railway securities.....	200 ..	10
Colonial and foreign bank shares.....	25 ..	2.5
	<hr/> 1,290 ..	<hr/> 55.4

There is in the estimate of our London contemporary and namesake, one figure of 400 millions sterling, under the head of "other securities of all kinds held by British investors," which is described as including the following items: "Canals, shipping and docks, foreign city loans, land, financial, iron and coal mining, and the host of manufacturing and industrial companies which are now domiciled in every part of the United Kingdom."

Great Britain is known to have more or less invested in mining, land and mortgage-loan companies in its colonies, and in foreign countries. It has some investments of that kind in the United States. Some portion of the 400 millions sterling of "other securities," consists of investments outside of the United Kingdom.

In respect to investments in "Foreign government stocks," our London contemporary observes: "The foreign government stocks, quoted in the official list of the stock exchange, amount to £2,500,000 nominal, of which it is estimated we actually hold less than one-third."

The foregoing estimates are materially higher than those given by Ernest Seyd, in a paper read, in April, 1878, before the British Society of Arts, and the material points of which were noticed in the July (1878) number of this Magazine.

Seyd then estimated that the wealth of British subjects in foreign debts and property, was 1,100 millions sterling in 1872-3, and that it was reduced 105 millions sterling during the three years 1875-6-7. It has certainly been reduced as much since. Seyd included seventy-five millions as the estimated value of shipping, and eighty-five millions as the estimated value of "goods afloat and abroad." In his estimates of foreign government stocks, he put them down as the London *Banker's Magazine* does, at their nominal par value. His whole estimate of foreign government stock, and colonial government stock, lumped together, was 650 millions sterling. He arrived at the last figure in the following manner:

Reckoning the total government debts of the world at 4,500 millions sterling, he assumed that 1,830 millions, being those of England, France, Germany, Holland, Belgium, and Denmark, were substantially all held in the countries owing them. That left of other debts 2,708 millions, divided as follows, viz.: United States, 450 millions; Russia, 375 millions; Austro-Hungary, 346 millions; Italy, 251 millions; Spain, 269 millions; Turkey, 215 millions; India, 136 millions; Egypt, ninety-five millions; Mexico, seventy-nine millions; Brazil, sixty-eight millions; Portugal, sixty-six millions; British Colonies, sixty-three millions; South American and other small States, 295 millions. Of these 2,708 millions he estimated that 1,600 millions were held outside of the States owing them, the ownership of the 1,600 millions being divided as follows, viz.: Great Britain, 650 millions; France, 450 millions; Germany, 400 millions; Belgium, Holland, Switzerland, etc., 100 millions.

On any estimate, the extent to which Great Britain is the creditor of the rest of the world, is enormous, and it is not wonderful that British bankers are so sensitively alive to the importance of maintaining the value of the money in which these debts must be paid. To that end they have frequently been able, from the fact that certain loans could not be negotiated anywhere except in England, or could be negotiated there on better terms than anywhere else, to prescribe that they should be paid in sterling money. That has been true of the loans of the British colonies, of many of the loans of India, and of the external loans of Russia, Brazil, and many other countries. In respect to our own loans, under the funding Act of July 14, 1870, it was proposed by Mr. Sherman, in the United States Senate, when that Act was on its passage, that they should be payable in sterling, if takers preferred, but the proposition was decisively voted down, after a vigorous speech against it by the late Senator Sumner.

PROGRESS OF BANKING LAW.

An article under this title in the March number gave an epitome of the recently reported decisions of general interest and importance relating to the peculiar dealings and liabilities of National banks. This paper will review what has been decided upon some topics affecting State and National banks alike.

RELATION BETWEEN BANK AND DEPOSITOR.

This has been a subject of explanation in several cases just published. The ordinary rule is familiar, viz. : that the money deposited becomes the property of the bank, and the bank is simply a debtor. The recent cases have arisen upon attempts to establish exceptional title to a deposit on account of special circumstances. In Illinois, a Court which, as Courts often do, had money coming under its control belonging to suitors, made an order designating the State Savings Institution of Chicago to be the depository of all such moneys. The clerk of Court deposited them, from time to time; and when, at length, the Savings bank failed, the balance of Court moneys to the credit of the clerk was upwards of \$2,500. The question then arose whether this money was not a trust fund such as ought to be repaid in full. The decision was that there is no difference between Court moneys deposited in banks to the credit of a clerk, and ordinary deposits; the aggregate of the funds must be divided proportionately among the general creditors; and a clerk of Court, although representing suitors who have been compelled to entrust their moneys to judicial keeping, must accept the same share as other depositors.*

In a Missouri case, the facts were that, years ago, the Bank of the State was made depository of the funds of the City of St. Louis; and gave a bond for safe-keeping and accounting of all such deposits. The city moneys were kept in three accounts; a "general current account," against which the city treasurer was accustomed to draw checks for ordinary local disbursements, a "coupon account, gold," and a "bond and coupon account, currency." The necessity for the two latter accounts arose from the fact that bonds and coupons of the city were made payable in New York City, and a special provision of money there, for payment of them, was requisite. The practice was for the city treasurer of St. Louis, upon instruction from the city comptroller, to draw a check upon the Bank of the State, for the amount

* *Otis v. Gross*, 11 Reporter, 293

needed in New York to meet maturing bonds or coupons, and to indorse this check and deliver it to the Bank of the State, accompanied with written instructions that the bank should remit the amount to the Bank of the Republic, in New York City, to pay the demands falling due there. And thereupon the State bank would put the Bank of the Republic in funds, and the Bank of the Republic would pay the demands, as presented, and transmit them to the Bank of the State. At length the Bank of the State failed; having, at the time, to its credit in the Bank of the Republic, nearly \$9,000 in gold, and nearly \$30,000 in currency, being moneys received from the city, and which had been remitted from the special accounts above mentioned, to enable the Bank of the Republic to pay New York obligations of the city. The receiver claimed these balances from the Bank of the Republic, for he said that all the moneys deposited by the city in the Bank of the State became the property of the bank, and that, wherever they might be in keeping, they were assets for the benefit of creditors at large; while the city could only claim, like an ordinary depositor, to share with other creditors of the same grade. The city claimed the balances in full; urging that they were shown by the special account, the distinct pass-books kept, the fact of their having been remitted to New York for a specific purpose, and some other circumstances which cannot well be stated in detail, to have been in the nature of special deposits, which never became the property or a part of the general fund of the Bank of the State. The United States Circuit judge sustained the claim of the city. He considered that the deposits entered in the "general current account" were, probably, the property of the bank, and must go to the receiver. But special circumstances may show that the relation between a bank and a depositor is not that of debtor and creditor merely. And the opening of the special accounts and pass-books, and the forwarding the money to New York under careful instructions appropriating it to particular demands, were, he thought, such special circumstances, and were sufficient to show that the relation of the city to the State bank was that of principal and agent, and the money covered by the special accounts was a trust fund. And he puts this question: Suppose it had been the Bank of the Republic which failed; would the loss have fallen on the city, or on the Bank of the State? Clearly, if the Bank of the State had faithfully obeyed instructions in making the remittance, it would not be responsible for loss through failure of the Bank of the Republic; but the loss would fall upon the city. If so, the New York deposits must be deemed the property of the city, and must be paid over to it intact, on failure of the Bank of the State.*

* *St. Louis v. Johnson*, 5 Dill. 241.

CHECKS AND THE PASS-BOOK.

These have given rise to several noteworthy cases. Courts have long disagreed whether the holder of a check may sue the bank upon it. One view is that the bank owes no duty to the payee or holder of a check; only the depositor can complain if his request to pay out his money is not honored; unless, indeed, the bank has accepted or certified the check. The other view has been that it is more convenient, and is consonant with the development of banking business, to allow a holder to enforce his right directly, instead of sending him back to the drawer again. In Missouri a decision has been rendered sustaining such suits. The Court says that the other rule has become old-fashioned, and ignores the peculiarities of bankers' checks, and the understanding between banker and depositor. That understanding is that the bank engages to pay out the money to the holders of the depositor's checks. As soon as, by presentment of a check, a holder comes distinctly forward, the obligation of the bank becomes complete toward him, and no good reason forbids allowing him to bring suit to enforce it.*

The effect of paying forged checks coupled with balancing and returning the customer's pass-book, has been discussed in a careful and elaborate decision in Maryland.† The opinion declares the principle to be that, as money deposited becomes the property of the bank, the bank being under an implied engagement as debtor to honor checks, therefore, when the bank pays money on a forged check, no matter under what circumstances of caution, or however led to believe it genuine, it must bear the loss, provided the depositor is not in fault; for the money paid out was its own, not that of the depositor. The fact that a bank has parted with its own money, in mistaken reliance on a check forged in the name of a depositor, unaccompanied by any act tending to mislead it, gives it no claim whatever for a credit in its account with the depositor. If, thereupon, the depositor's account is balanced, and the book and canceled checks (including the forged one) are returned to him, the presumption arises—after lapse of reasonable time for examination by him—that all is correct. But this is founded only on the probability that such examination could and should have been made. It may be rebutted by showing that in point of fact, and with good excuse, the account has not been examined; the party has not, in fact, ratified the payment of the forged check. The circumstances of the case, which was a suit by a bank to recover an over-draft, were that the confidential clerk and book-keeper of the depositors

* *Senter v. Continental Bank*, 7 Mo. App. 522.

† *Hardy v. Chesapeake Bank*, 51 Md. 562. The reader will remember a similar New York decision, recounted *ante* p. 497; and the suggestion made in connection with it, that such decisions may render it prudent for bankers to ask to be informed as to a customer's usual time and manner of revising his bank account, or perhaps to make stipulation with him for a prompt, personal examination of the checks they return to him as paid.

procured blank checks from their check-book, filled them up and forged the signature of the firm, obtained the money, and, thereafter, managed the balancing of the bank account, on two or three successive occasions, so adroitly as to prevent the depositors from becoming aware that forged checks had been paid. On behalf of the bank it was argued that the depositors were bound by what was done by the clerk and book-keeper for he was their agent ; but the Court said that his powers as agent could not be deemed to extend either to forging checks, or to binding his principals by an admission or ratification of checks which he had forged. And upon the whole case the decision was that the periodic return of the bank-book and checks had not rendered the payments obligatory upon the depositors.

A somewhat similar instance, in which a fraud perpetrated by a confidential friend of the depositor was held to have been ratified by the latter, is reported from Illinois.* A young Englishman, sojourning in Chicago, received from England a remittance (it was his share of his deceased father's estate), and was induced to intrust it to an acquaintance in Chicago, a man of good income and business standing, for the purpose of depositing it in bank. The Chicago man made the deposit, but took the certificate in his own name. The bank, however, knew that the money belonged to the Englishman. He then indorsed the certificate of deposit, and delivered it to the Englishman, who placed it among his own papers. So far, all was substantially correct, though not quite formal. But, some time afterward the Chicagoan, during the absence of the Englishman, obtained possession of the certificate of deposit, canceled his indorsement upon it, presented it at the bank and received the money. The Englishman then brought suit to recover the amount from the bank notwithstanding this payment. But the Court decided against him. By entrusting the money to his friend to make the deposit, he, in effect, authorized the bank to issue the certificate in the friend's name. If dissatisfied with a certificate in this form, he should have made objection promptly ; his failure to object was a ratification. And the bank was justified in subsequently paying the money, on receiving the certificate back from the payee in person with his indorsement erased ; it is regular and proper for a payee, who has indorsed a negotiable instrument, but has not parted with it, or has afterward reacquired it, to cancel his indorsement, and hold it as his own. The fact that the bank knew at the outset that the money belonged to the Englishman did not render the payment improper ; for there might easily have been subsequent transactions, transferring the property in it to the other.

* *Bank of Montreal v. Dewar*, 6 Bradw. (Ill.) 294.

COLLECTING AGENCIES.

The tendency of opinion in the Courts seems to be in favor of somewhat relieving the liability of a bank employed to collect commercial paper at a distance for the neglect, or insolvency, etc., of its sub-agents. Such, at least, is the effect of a Tennessee decision, rendered in 1874, but only lately reported.* Formerly there was strong authority for the position that a bank, upon receiving for collection a negotiable instrument, maturing at a distant place, assumes responsibility for any neglect of duty occurring in the course of collection, whether on the part of its own officers at the place where it receives the paper and makes the engagement to collect it, or by the bank at the place of payment employed to make the collection, or even by a clerk, notary, attorney, etc., employed by the latter bank. The Courts of England, New York, Ohio, Indiana and South Carolina, are stated † to have (in former years at least) favored this view. A contrary opinion has been that the bank undertaking the collection is responsible for its own negligence only; any claim against the correspondent bank employed at the place where the demand matures to make the collection should be made by the owner of the demand against that bank directly. This view has been attributed ‡ to the Courts of Connecticut, Massachusetts, Pennsylvania, Louisiana, Illinois, Missouri, Wisconsin, Mississippi and Maryland. The latter view has now been espoused by the Supreme Court of Tennessee. The story of the case was that the Bank of Louisville transmitted a bill of exchange for about \$1,000 to the First National Bank in Knoxville, where the bill was payable, for collection. The cashier of the Knoxville bank delivered the bill to the notary generally employed by the bank, who was in good repute in his business, for presentment etc. The bill was presented, but dishonored; the notary, however, through carelessness, failed to give notices to the indorsers and drawers, and thus the recourse to them was lost. Now the Bank of Louisville had itself received the bill for collection from the Leather Manufacturers' Bank, of New York, and, believing that it was responsible to that bank for the faithful performance of duty by all the persons employed in making the collection, throughout the entire chain, it paid the amount to the bank in New York, and then brought suit to recover reimbursement from the Bank of Knoxville. According to the English and New York rule above mentioned, this course was correct. But the Tennessee Court preferred the rule of Massachusetts and Connecticut. The Judges said that the reasonable and just construction of the undertaking of a bank in which a bill is deposited for collection, payable at a distant place, is that such bank will act in good faith in the selection of a

* *Bank of Louisville v. Bank of Knoxville*, 8 Baxt. (Tenn.) 102.

† See an article by C. G. Tiedeman, 12 Cent. L. J. 149.

‡ See Mr. Tiedeman's article, *supra*; also Judge Deaderick's opinion, 8 Baxt. (Tenn.) 105.

suitable agent at the place of payment. It must always be manifest from the nature of the transaction that a sub-agent must be employed; the owner of the bill necessarily understands and consents to this. Should the collecting bank employ a corresponding bank or other agent known to be unworthy of confidence, this would be a breach of duty which would render it liable for such agent's default. But if it selects suitable and reputable agents to make the collection, using, in this behalf, its best means and judgment, its whole duty is discharged. In short, where a bill is transmitted through several agent-banks, and is at last entrusted to a notary, each party in the chain is liable to the owner of the bill for personal neglect or default, and is not liable to its predecessor in the chain of agencies; nor is it liable for fault or neglect of the ultimate agent.

Three recent cases are noticed, in which the controversy arose out of the insolvency of the correspondent bank occurring while the collection was pending, and unsettled. In one* the correspondent bank accepted from the drawee of the bill transmitted to it for collection, his check on a third bank for the amount, and surrendered the bill. It presented this check, and obtained certification; and also gave credit to the employing bank for the amount. But before collecting the certified check, or making any remittance, it suspended. The certified check was collected by a receiver. The Court said that the correspondent bank was a general debtor to the employing bank, and the proceeds of the certified check were assets in the receiver's hands toward payment of debts. In another case† the State treasurer of New Jersey, who kept an account in the Trenton Bank, and also had a balance on deposit in the State Bank at New Brunswick, heard that the latter bank was embarrassed; he therefore drew a check upon it for his balance, which he deposited in the Trenton Bank for collection. That bank, having no knowledge of the difficulties of the State Bank, gave the treasurer credit for the amount of his draft, and sent it forward. And the State Bank charged it to the treasurer, thus closing his account on its books, and gave the Trenton Bank credit. But, before any money passed, the State Bank went into insolvency. The Court said that notwithstanding the credits given in account, the Trenton Bank was not chargeable with the loss. In the third case‡—which perhaps indicates that New York does not adhere now as strictly as formerly to the rule that the bank first employed to collect is liable for defaults of all parties in the chain of collection—a Brooklyn merchant deposited in his bank there, for collection, a note drawn payable at the Bank of Lowville; the maker being a depositor

* *Levi v. National Bank of Missouri*, 5 Dill. 104.

† *Freeholders of Middlesex v. State Bank at New Brunswick*, 32 N. J. Eq. 467.

‡ *Lydig v. National City Bank of Brooklyn*, 80 N. Y. 100.

in the latter bank. The Brooklyn bank sent the note by mail, not to a correspondent or collecting agent at Lowville, but directly to the Bank of Lowville. That bank immediately sent its draft on New York, for the amount of the note, to the Brooklyn bank, in payment; but, on the same day suspended payment. In consequence of its failure, the draft on New York was not paid. The owner of the note then sued the Brooklyn bank, claiming that it had lost the money by accepting the draft instead of exacting cash. But the Court of Appeals decided against him; partly on the ground that as only the maker of the note was concerned—there were no indorsers to be discharged—no harm had been done, for accepting the draft had not impaired the right of the owner of the note to collect it from the maker; and partly because it was not improper to present the note by mail to the Bank of Lowville for payment, or to receive a draft on New York, as the usual means of remitting the money.

HOW PUBLIC DEBTS ARE SOMETIMES CREATED.

An interview with Gov. Ordway, of Dakota, published in the *New York Tribune*, of March 21, gives some new information in relation to an old subject.

He began by saying that the Territorial Legislature of 1879, authorized the funding *in ten per cent. bonds* of \$375,000 of the certificates and warrants of Lawrence County, in the Black Hills region. Of the certificates and warrants thus funded, he says that they "had been issued by the County Commissioners in the most reckless manner, in many instances giving at the rate of \$4 for \$1 of value received."

He then proceeded to say :

With this experience before me, I determined to make a stand against any such legislation during my term of office, and to require that all measures for incurring county debts should be submitted to the people before becoming laws, and that in any event bonds should not be issued exceeding five per cent. of the assessed valuation of county property for public buildings, and two and a-half per cent. for bridges, etc.

About thirty of the thirty-six members of the Legislature were interested in the location of county sites, in some instances in remote corners of the various counties, and in issuing bonds for building county buildings, normal schools and agricultural colleges, thus giving more than two-thirds of both branches a direct interest in overriding my restrictive policy in regard to county indebtedness. During the first half of the session I vetoed a large number of bills for the erection of public buildings, and for other local improve-

ments, because they did not contain any provision for allowing the people to vote upon them. Many of these bills, however, were passed over my veto.

Subsequently the people began to send in their protests against the course of the Legislature and sustaining the position I had taken, and during the last half of the session a different state of affairs prevailed.

The first settlers in Dakota, as in all our Western, South-western and Northwestern regions were enterprising and hopeful men, who had gone to a new home for the sake of making sudden fortunes, and were ready to utilize any resource for that purpose. The resource which is everywhere readiest at hand, is public credit, which is a contrivance for getting hold of money, to be paid, if it is ever paid at all, by other people—that is to say, by posterity. In Mississippi and Arkansas, the first comers founded State banks, where they could borrow money on their individual due bills, and got money into these banks by issuing to them as many State bonds as could be gotten rid of, at any discount short of giving them away. In other places the form in which the public credit has been made available to the personal uses of the lucky pioneers has been varied to suit the circumstances.

In the case of Florida, while it was in the territorial form, it was plastered all over with debts, many of them being the debts of the territorial government itself. Before a joint commission, instituted some years ago, to adjust the claims of British subjects upon this country, and of American citizens upon Great Britain, it was contended in behalf of the British holders of some Florida territorial bonds, that the United States Government was responsible for them, inasmuch as the territorial administration was a mere creature of the National authority. That contention was not sustained as a matter of law, but there was some color of equity in it.

The United States ought not to permit territorial governments, or counties, or municipal authorities created by such governments to incur debts, which, in the end, must either be repudiated or paid by people who had no hand in creating them, and who never receive any benefit from them.

It was intended that our Western country should be kept free and open for the occupation of those who might see fit, from time to time, to strike out into the wilderness. But as things have actually been managed, it has not been possible for anybody, except for a few first comers, to go into our new regions except under the onerous condition of coming under a load of debts recklessly incurred and swollen in magnitude by the most frightful and infamous usury.

The device of public credit is a modern invention. Without doubt, it is useful within very narrow limits; but upon the whole, it has done vastly more harm than good.

[CONTRIBUTED.]

THE VALUE OF MONEY IS CONTROLLED BY ITS QUANTITY.

It must be as true in respect to money as to everything else, that its value in exchange depends upon the proportion between the supply of it and the demand for it. There is nothing in the nature of money which takes it out of the operation of the rule that price depends upon the relative numbers and eagerness of buyers and sellers. Value as a term used in respect to money, is the same thing as price as a term used in respect to commodities, and the same "chaffering in the market" of vendors and purchasers determines the value of money, which determines the prices of everything else.

That the supply of money, and that only, determines its value, when the uses for it are the same, or in other words, when the demand for it is the same, has been recognized in all ages by the general judgment of mankind and by substantially all accepted authorities on the subject.

In respect to metallic money, it has never been doubted that the falling prices in Europe, or what is the same thing, the rising value of money during the Middle Ages, should be attributed to the gradual using up of the large stocks of gold and silver, which had been accumulated in the Roman Empire, nor has it ever been doubted that the great rise in prices which followed the discovery of America was caused by the working of the gold and silver mines of the New World. In our own immediate times nobody ever thought of ascribing the rise of metallic prices which followed the gold discoveries in California and Australia, and continued for about sixteen years, to any other cause than a resulting increase of the volume of metallic money which was temporarily out of proportion to the increase of the demand for such money. Nor has anybody doubted that among the causes of the subsequent, and still continuing, depression of metallic prices in the commercial world, have been the two facts: (1) that the aggregate production of the precious metals has been stationary or declining during the last twelve or fifteen years, while the population and exchanges of the world have been rapidly increasing; and (2) that in consequence of the demonetization of silver since 1871 in several countries, the performance of the monetary function has been thrown exclusively upon gold in such countries,

thus necessarily enhancing its value and reducing gold prices, not only in such countries, but in all countries, inasmuch as prices the world over in the same metal tend constantly to an equilibrium.

The same principle, that, other things being equal, the value of money depends upon its quantity, which has been accepted by mankind as true in respect to metallic money, has been equally accepted by them in respect to paper money. Nobody ever attributed the continuous depreciation and final worthlessness of the assignats of the French Revolution, of the Continental bills of the American Revolution, or of the circulating paper of the Southern Confederate States, to anything except enormously excessive issues. In respect to the Russian paper rouble, which has never, during the one hundred years of its existence, become worthless, its varying degrees of depreciation have been uniformly ascribed to the varying amounts of it in circulation, and nobody was surprised to see its value falling as its volume increased during the recent war between Russia and Turkey.

In respect to the greenback currency established in this country in 1862, all the views taken of it and all the propositions made in respect to it, from that time to the present, have involved the general recognition of the principle that the value of any money depends, other things being equal, upon its quantity. In the outset, it was attempted to establish confidence in its value by Congressional pledges (some of which were not observed) as to the maximum issue of it, and in the Act passed in 1875, intended to raise it to a parity with coin, there was a provision for a gradual, monthly contraction of the volume of it. Among the persons competent to form a correct opinion upon such matters, there has been a universal concurrence in the view, that conspicuous among the causes which raised its value from an extreme point of depression during the Civil War to a substantial parity with silver in 1876 and 1877, and to a substantial parity with gold in the last half of 1878, was the contraction of its volume relatively to the population using it, and to the exchanges in which it was employed. This contraction was sudden and great when the National authority was restored in 1865 over the large section of the country from which the greenback had before been excluded, and was subsequently continuous and large from the expansion of population in all sections of the country. Altogether, the proportion of the population using the greenback to the volume of the greenbacks, was fully twice as great in 1876-7-8 as it was in 1863-4, before the collapse of the Southern Confederacy, and the effect of that was precisely the same as if the volume of the greenbacks had been reduced one-half, and if the population using it had remained stationary. All this was so well understood that it was

insisted upon and admitted on all sides to be true, in the discussions immediately preceding the passage of the coin-resumption law of 1875, that without any contraction of the then volume of greenbacks, and without taking any step directly appreciating their value, "the country would grow up to them," as the phrase was, until the point of a parity with coin should be reached. That this was true as a scientific proposition was not denied, but the objections to it as a practical proposition, which prevailed with the public, were, that the time required before "the country would grow up" to the greenbacks was too long, and furthermore, and this was the most decisive objection, that the steadiness of Congress in keeping the volume of the greenbacks within their then maximum limit during the period necessary for the operation could not be relied upon. In short, all intelligent discussion of the question of the greenbacks since 1862, has involved admissions that their value depends upon the proportion between their quantity on one side and the population by whom, and the exchanges in which, they are employed, on the other side. And to-day, it is among the objections to them, and an objection which is by no means the least vehemently urged, that so long as they are in existence at all, there is a constant danger that their volume may be increased so as to bring on a depreciation of the currency and an unsound inflation of prices.

Mr. Calhoun said, in 1837, that "a paper currency ought to rest on demand and supply simply, which regulate the value of everything else," and what he proposed was a Government paper issue, not controlled as to its value by redeemability in coin, but regulated as to its supply by being paid out only to those who would voluntarily accept it in lieu of coin, and by receiving it for all taxes and dues to the public treasury.

While it is true that a scientific proposition should be accepted only upon an intelligent appreciation of the reasons which support it, and never merely by faith in authorities, however respectable, it will still not be amiss to show that the common judgment of mankind—that the value of money is fixed by the proportion between its supply and the demand for it—corresponds with the opinions of those who have made the subject a special study, and whose capacity to arrive at correct results has been the most universally recognized.

Of ancient authorities, it may suffice to quote the following from the Pandects of Justinian, which compresses the proposition into a single sentence: "This material [the metal selected for money] being officially coined, circulates and holds its power, not so much from its substance, as from its quantity."

John Locke, nearly two hundred years ago, said :

Gold and silver, procuring what we want or desire, only by their quantity, it is evident that the intrinsic value of gold and silver, is nothing but their quantity.

Supposing in any island separate from the commerce of the rest of mankind, if gold and silver, or whatever else (so it be lasting) be their money, if they have but a certain quantity of it, and can get no more, that will be a steady, standing measure of the value of all other things.

Money, while the same quantity of it is passing up and down the kingdom in trade, is really a standing measure of the falling and rising value of other things, in reference to one another; and the alteration of price is truly in them only. But if you increase or lessen the quantity of money current in traffic, in any place, then the alteration of value is in the money.

Sixty years ago, Ricardo (*Principles of Political Economy and Taxation*, chapter 25) said :

While the State coins money and charges no seigniorage, money will be of the same value as any other piece of the same metal of equal weight and fineness; but if the State charges a seigniorage for coinage, the coined piece of money will generally exceed the value of the uncoined piece of metal by the whole seigniorage charged.

While the State alone coins, there can be no limit to this charge for seigniorage; for, by limiting the quantity of coin, it can be suited to any conceivable value.

It is on this principle that paper money circulates; the whole charge for paper money may be considered as seigniorage. Though it has no intrinsic value, yet by limiting its quantity its value in exchange is as great as an equal denomination of coin or of bullion in that coin. On the same principle too, namely, by a limitation of the quantity, a debased coin would circulate at the value it should have if it were of legal weight and fineness, not at the value of the quantity of metal which it actually contained.

It is not necessary that paper money should be payable in specie to secure its value; it is only necessary that its quantity should be regulated according to the value of the metal which is declared to be its standard.

A. J. Warner, in his able and exhaustive essay upon the *Appreciation of Money*, published in 1877, gives a very full collection of the opinions upon this subject of the most eminent of the more recent British writers upon political economy, from which I will make a few selections as examples of the whole.

McLeod says :

It [inconvertible paper] becomes in all respects equivalent to a new standard, just as much as gold or silver, and its value will be affected by the same principles as these two, viz. : by the sole question of the quantity of it in circulation compared to the operations it represents.

J. R. McCulloch says :

It is plain, as well from the principles already stated, as from experience, that the mere limitation of the quantity of paper made legal tender is quite sufficient to preserve its value on a par with

the value of gold, or to raise it higher. . . . The use of a circulating medium is indispensable, and its value, supposing the demand to be constant, is in all cases inversely as the quantity in circulation.

John Stuart Mill says :

If the obligation of keeping up the value of the paper to that of gold were suspended, . . . a sufficient security against any considerable alteration of the currency will be found in keeping the quantity of it the same.

McLaren, in his *History of the Discussions on the Question of Currency*, supposes the case of a government inconvertible paper issued in England, until it expelled all the gold, but not exceeding England's "fair share of the gold of the world." Upon such a supposed case he observes :

This paper would, according to all authority, supply the place of the gold, and no change would be made in prices.

It seems almost superfluous to observe, that to say that "no change would be made in prices," is the same thing as to say that no change would be made in the value of the money, inasmuch as it is only in the prices of commodities that the value of money is ascertained and expressed. Commodities are worth what they will sell for, and money is worth what it will buy.

In respect to gold and silver, their utility in meeting certain wants and gratifying certain tastes of mankind, depends upon the qualities which those metals possess, but the value in exchange of specified weights of them depends upon their quantity. They are precious because they are scarce, and comparing silver with gold, their relative values, pound for pound, are just about inversely as the quantities which have been mined and are still in existence. In respect to the quality of compressing a large value into a small bulk and weight, they are both well fitted for money, but they possess that quality only because they are rarely found, are ordinarily not mined except with great labor and cost, and have so far in the experience of mankind been obtained in very limited quantities. With those persons who regard depreciation as the only mischief which can befall the currency, the degree of confidence which is felt in gold and silver as a sound money for the future, is, when sifted to the bottom, nothing but the degree of confidence which is felt, that what has been true in all past times, of which we historically know anything, will continue to be true, and that they will hereafter, as heretofore, be precious by being scarce. That the confidence in the future value of these metals is only a confidence in their continued rarity, has been twice shown within thirty years. In the first years of the California and Australian discoveries, it was extensively apprehended that the value of metallic money would be suddenly

and disastrously depreciated by a flood of gold. More recently, it was the mines of Nevada which were supposed to menace the same calamity by a flood of the other metal. Among another class of persons who regard the appreciation of money as a mischief much greater than its depreciation, and much more likely to occur; the apprehension is known to be general at the present time, that the production of the metals will not increase the stock proportionately to the increased monetary wants of mankind. But however much these two classes of persons may disagree as to the facts and probabilities of the situation, they agree entirely in the fundamental doctrine that the value of metallic money is governed, other things being equal, by its quantity.

Of the truth of that doctrine, we have had, since 1874, a very striking illustration in the value above its bullion value which has been given to silver full-tender money in the States of the Latin Union, Holland and the United States, by controlling its quantity through a limitation of the coinage. In the countries referred to there is no redemption, or promise of redemption, of the full-tender silver money. Its excess of value above its bullion value, resting upon nothing but a government restriction of its quantity, ranges from fifteen to twenty-five per cent., and there is no theoretical limit to the degree to which such an excess may be carried. Practically, it must not be carried to a point which would tempt private coinage, and thereby break down the control of its amount by the public authorities. If the French silver five-franc piece was worth in the market two or three times as much as the bullion out of which it is manufactured, the temptation to the surreptitious manufacture by individuals of a coin identical in all respects and not distinguishable from it by any mechanical or chemical test, would incite efforts in that direction, which no official vigilance would be likely to prevent. But if the government monopoly and control of the coinage could be maintained under all circumstances, the market value of the five franc coin could just as well be maintained at 100 for one of the bullion value, as at 100 for eighty-three, which is the actual ratio while I am writing.

The principle upon which a government limitation of quantity controls the value to-day of full-tender silver coins in so many countries, including our own, is precisely the same as that upon which the limitation of quantity regulates to-day the value of government irredeemable paper money in Russia, Brazil, and many other countries, and might regulate it in all countries. In both cases, the value of the money depends upon the quantity issued, and not on the cost or material. If to-day there are circulating in France 600,000,000 silver five-franc pieces, which is the reputed number, an issue of an equal number of irredeemable paper

five-franc pieces, with equal functions of legal tender, could be substituted for the silver, and maintained at the same value by the same expedient of refusing to issue any more. It is plain that in such cases the advantage of economy is on the side of issuing paper. It is, however, urged in favor of the use, in such cases, of metal, the value of which must in practice approximate the value of the money, that its greater cost diminishes the tendency to over issues, which, in the opinion of many persons, is so overpowering and incurable, in respect to government paper money, as to constitute a fatal objection to it.

While the proposition that the value of money depends upon demand and supply may be laid down broadly and without exception, the other proposition that its value depends upon the proportion between the quantity in existence on the one side, and the population by which, and the exchanges in which, it is employed on the other, requires the qualification that other things shall be assumed to be equal. The reasons for that distinction are (1) that the quantity of money in existence is not exactly the same thing as the supply of it in the market, and (2) that the demand for money is rarely, if ever, equal in different countries having equal populations and exchanges, and (3) that it is not always in exact proportion to the population and exchanges of any single country considered by itself.

Money that is hoarded and not in use is no more a part of the supply for the time being than if it did not exist. Such hoarding may result from the fear of impending political convulsions, and from many other causes, but most frequently results from falling prices and the stagnation in business which always accompanies falling prices. Idle money yields no income, but even that is preferable to the positive loss of buying in declining markets. In the reversed condition of rising prices, the holders of money are eager to invest it in property and commodities, so as to reap a gain. It thus happens that the proportion between the quantity of money appearing in the markets and the quantity in existence varies at different times. It is often said that the circulation of money is more active at some times than at others, but that is only another mode of stating the fact, that a greater portion of it is in active use at some times than at others. And the rule laid down by many writers that the effect of money upon prices is the result, not of the one force of its quantity, but of the two forces of its quantity and of the rapidity of its circulation, is only another mode of stating the fact that only that part of the existing money which is in use produces for the time being an effect upon prices. A difference in the degree of the rapidity of the circulation of money, is only a difference in the number and length of the hoardings which may intervene

between one use of it in purchasing, and the next succeeding same use of it. The rapidity of the movement of money is not of the nature of the rapidity of a horse or a locomotive, but signifies merely the number of times it is used in purchasing within any given period.

That different countries with the same population and exchanges do not require the same amount of money to maintain the same general scale of prices, is a very familiar fact. Some countries have brought the contrivances for economizing the use of money, such as clearing houses and the system of bank deposits and checks payable to bearer, to a high degree of perfection. In other countries they are less known. France and England, two highly civilized and commercial countries which are separated by only a narrow channel, present a very marked contrast in this particular. Relatively to population France uses perhaps twice as much money as England.

Even in the same country, and during periods when there is no appreciable change in the extent to which expedients for economizing the use of money are resorted to, exchanges are made by a less employment of money and a greater employment of private credits at some times than at others.

But all allowances being made for modifying circumstances, it is true of every species of money as John Locke said it was true of gold and silver money, that its value is "nothing but its quantity." The necessity for a medium of exchange in any condition of society at all above downright barbarism, constitutes the demand for money, and the limitation upon its supply furnishes the other factor of its worth in the market.

In respect to gold and silver money (which includes paper strictly representing it dollar for dollar), the limitation of supply is provided by nature.

In respect to government *fiat* paper money, the limitation is prescribed by law.

In respect to paper money redeemable in coin, the limitation is the amount which can be kept in circulation consistently with maintaining its redemption.

Each of these limitations is a varying and unstable one. The yield of mines is sometimes greater, and sometimes less. The power which enacts laws can change them at pleasure. In the possible circulation of convertible money there is always either an ebb or a flow, but unfortunately without the regularity of the tides.

OBSERVER.



NOVEL PLEA FOR PUBLIC DEBTS.

The following paragraph is clipped from the columns of a city newspaper: "The financial integrity of the country depends more on the nature of its public securities than on any other cause. Supplant the present sound securities of the Government, even at three per cent., with fluctuating railway bonds and wild-cat stock, and a crisis is near at hand; and just in the ratio that the supersedure goes on of the former class over the latter is the disastrous end hastened."

That view of the case, if pushed to its logical results, would require, not merely that the further reduction of the National debt should be arrested, but that it should be continually enlarged, so as to absorb the whole of the constantly increasing loanable capital of the country. In no other way can the temptation to invest in "fluctuating railway bonds and wild-cat stock" be effectually averted.

Our impression is that the honor of the original authorship of this idea belongs to Mr. David A. Wells. He put it forward four or five years ago, in a letter in which he denounced the purchase of Government bonds under the Treasury administration of Secretary Boutwell, as one important cause of the losses and disasters of the period commencing in 1873. He still regards the reduction of the National debt as a calamity to be deprecated, and he arranges all his propositions for what he calls tariff reform, upon the basis of leaving nothing in the shape of a surplus which can be applied to diminish the amount of safe Government bonds, the holding of which prevents dangerous investments in wild-cat efforts to develop the country by building railroads and in other mischievous ways.

The work will only be half done by a success in preventing the reduction of the National debt. The other public debts in this country, of States, counties, and municipalities, aggregate perhaps as much as the National debt, and there is a disposition to reduce local indebtedness, which ought to be strongly combatted by the teachers of the new philosophy, that the straight road to happiness and prosperity is to saddle the people with the everlasting payment of taxes to meet interest accounts.

The *St. Louis Republican* after reciting the efforts of many counties in Missouri to put their debts in a course of liquidation, proceeds to say: "Let the people make the best terms they can with their creditors, and then set to work to relieve themselves of the obligation by a reasonable tax that will meet the interest and leave something over to

pay on the principal. The burden will grow lighter every year, the credit of the counties will be re-established, lands will increase in value, immigration will flow in, and the people will receive a full share of the prosperity enjoyed by their more fortunate neighbors."

This idea of levying such annual taxes as will not merely pay the interest on county debts, but "leave something over to pay on the principal," ought to and will alarm all those persons who believe that just in proportion as public securities are lessened, "fluctuating railroad bonds" will be multiplied. Such persons will see that not only must they exert themselves to cut down the National revenues, so that the National debt may be preserved intact, but they must bring every available influence to bear to divert the States, counties, cities, and towns, from treading in the path of paying their debts. If it is desired to avoid the "disastrous end" of finding ourselves in a country without "financial integrity," because without "public securities," the mischief of paying off debts must be combatted at every point where it presents itself.

POLITICAL ECONOMY.—WHAT IS IT ?

BY A PRACTICAL BANKER.

Webster defines a theory as "A doctrine, or scheme of things, which terminates in speculation or contemplation, without a view to practice." Political economy is considered by some as a science, by others as an art—why not call it a theory? Nothing in it seems to be settled, and no progress in it is made. De Quincey says: "It does not advance, and that from the year 1817 it had on the whole been stationary." And he adds: "Nothing can be postulated, nothing can be demonstrated, for anarchy even as to the earliest principles is predominant." May this not be because it is a theory, and one which is speculated upon by scholars, and not proved by the hard facts of life? One theory on which great stress is laid by many writers is Free Trade, and here is seen one of the fallacies of Political Economy. Professor Perry defines Free Trade as the opposition to Protection, being a negative sort of a definition, not a positive one. A leading newspaper speaking of Free Trade, says: "Many of the young men who leave college Free Traders, at the end of twenty years are Protectionists." And why? Theory fails before Practice. Another point on which there is great discussion is that of Value, and here the writers strive to divide and subdivide, until it resembles one of the old

scholastic discussions which were called "Nonsense." The benefits derived from the study of Political Economy are, that it causes thought, and this, if rightly directed, may be of use. But the teachers of it seem to be prejudiced in favor of their own ideas, and not tolerant of the opinions of others. A college professor, not long since, made the statement to his class that "if England should refuse to take the products of the United States for six months we should all be bankrupt." One of his pupils replied "that if England should not take our provisions for six months the English would all starve." His reply was that he had not thought of it in that light, but that an Englishman ought to be willing to starve in a good cause.

Verbosity and diffusiveness mark most of the writings on this subject. One of the best (perhaps because one of the shortest) works on Political Economy is Professor Perry's *Introduction to Political Economy*. This book has been before the public now over three years, and as a history of the science and presentation of the theories it is worthy of perusal by all, and by the bankers of the United States especially. While we like many things presented by him, we cannot fully agree with the author in all his statements, and the purpose of this article is to present in a different light some things which the author has wittingly or unwittingly misstated. The book is divided into six chapters, viz. : Value, Production, Commerce, Money, Credit, and Taxation. With only two of these, Money and Credit, we propose to deal, as the others do not come as much within the province of banking. The author says: "Money is a valuable thing, else it would not serve as a standard of values." Yet in summing up he considers Money as "a medium of exchanges," and "denominations of money come to be a measure of all values whatever."

Money is valuable, but it is only in its purchasing power. A pocket full of gold is of no value unless it can be exchanged for something else. The miners hoard is valuable, but it is perfectly *useless* unless it can be used in exchange for other valuables. The wampum of the savage was useful to him, because with it he could purchase, and for that reason it had value. The gold of the islanders discovered by Columbus was ornamental, but valuable when exchanged by them for the trinkets which the Spaniards brought. Macleod's saying, "Where there is no debt there can be no money," seems to be true, as the value of money consists in its use, not in its being hoarded.

Paper money represents a debt. So does a verbal obligation. One is as good as the other where confidence exists. This is the corner stone of business as well as of banking, and whenever that is wanting, the building, whatever it may be, tumbles to pieces. We take the promise of an individual,

a bank, or a government, according to the confidence we have in the party with whom we are dealing. One in whom we have no confidence we let alone. When in the last months of Buchanan's administration the Government was offering twelve per cent. a year for money, and in the last months of Hayes' administration a bill was passed for a Government loan at three per cent., confidence made the difference in the rates. Gold was proposed in both loans, but the confidence in the ability of the Government to redeem its credit varied greatly in the two cases.

Paper money is valuable when it is properly secured. Not dollar for dollar, but when to the security is attached confidence in the party issuing it. A story is told of some one, several years ago, who being asked if he would take the money due him in "Wild cat," "Red dog," or "good Eastern counterfeit," chose the latter, as he had no confidence in the issuers of the first two, but had some that he might be able to get rid of the latter on the credit (false though it was) of Eastern banks. "Paper money is only promises, promises are liable to be broken, and therefore promises do not make a good money." Other things are liable to be broken, yet they are valuable and good. I have a watch, it is a good watch, keeps good time, and is worth all I paid for it; it breaks, but the value is there and it may be soon running again as well as ever. Valid promises may be broken, but of how many is it said, "his word is as good as his bond." The United States legal-tender note is a promise, and when it is kept is valuable, and preferred by all to the gold which is promised to be paid for it. "Credits are good, but that does not prove that credit money is good." Education is good, but that does not prove that educated men are good. Gold is valuable, but bulky and inconvenient. We have seen during the last year that when we have paid out gold it has been returned more or less speedily with the request for "paper money." How many of us bankers on being asked to change a \$20 gold piece have been asked for small gold? In ninety-nine times out of a hundred the request is "bills, if you please." A letter of credit is one of the best illustrations of credit, good anywhere and everywhere.

Legal tenders and National-bank notes are, on demand, promissory notes. Who has ever lost a dollar from holding the notes of a broken National bank? Instead, the anomaly has been presented in that a failed-bank note was worth a premium over that of a sound bank. Banks have suspended, but under the National system the notes are good and paid on presentation at Washington. I hold a note against a farmer or a merchant. The former relies on the sale of his crops, the latter on that of his goods, to pay their notes. The failure of sale in either case brings on a suspension, and the note becomes inconvertible with prospect of more

or less loss. The bank fails, the Treasurer of the United States redeems the notes of the bank and the holder is protected from any loss. The individual gets rid of his stock, buys his notes as cheaply as possible, and is ready to try it again.

The next subject taken up by our author is that of Bank Deposits, and here is made a very gross blunder, to say the least. He takes the statement of a National bank in Massachusetts for October 2, 1876, a detailed report of which I give below that all may see the error:

REPORT OF THE ADAMS NATIONAL BANK, OCTOBER 2, 1876.

Loans and discounts.....	\$ 595,309 58	Capital stock.....	\$ 500,000 00
Overdrafts.....	3,201 40	Surplus fund.....	100,000 00
U. S. bonds for circulation.....	370,000 00	Undivided profits..	25,290 74
" " " U. S. deposits...	50,000 00	Circulation.....	320,890 00
" " " owned by banks.....	80,000 00	Dividends unpaid..	13,362 00
Other stocks " ".....	40,000 00	Deposits.....	395,173 05
Due from Redeeming agents...	78,403 86	U. S. deposits.....	26,321 34
" " other banks.....	25,112 67		
Real estate.....	34,000 00		
Premiums.....	10,000 00		
Checks and cash items.....	979 62		
Bills of other banks.....	8,726 00		
Specie.....	2,185 00		
Legal tenders.....	20,409 00		
U. S. certificates.....	10,000 00		
Due from U. S. Treasurer.....	16,650 00		
	\$ 1,351,037 13		\$ 1,351,037 13

Now is not that what bankers call a good statement? But the writer goes on to say that "the individual deposits of that date are \$344,482.16" (probably deducting from the statement above certificates of deposit) and that all the cash there was on hand to pay that with, was checks, bills of other banks, legal-tender notes, specie—in short, "all the means available on that day to pay checks with, aggregated net, \$38,299.62. That was a little more than eleven per cent. of the immediate liabilities." He leaves out the bank balances of over \$100,000, which are as good as cash, and with which a large amount of the country banks' deposits are to be paid, which makes the "available" resources of the bank over forty-one per cent. With this addition, no wonder, as the author says, "every depositor felt safe and was safe." I do not expect that every man of whom I hold a note payable on demand carries in his pocket the amount of that note ready to pay it on presentation. I have confidence in the man that when I make the demand he will be ready to satisfy my claim, not necessarily in gold or silver, but in good merchantable money and valuable at that, even if it be bank notes.

But he cannot let credit go without saying that credit, "like all other great blessings, is liable to be greatly abused." Yes, so is health, the greatest blessing ever en-

joyed, liable to abuse, and is abused, yet who for that reason prefers sickness? Many of the ideas advanced in this section are good, but they are too theoretical, not practical. The two need to go together. The British ship-builder could not demonstrate how to build his fast clipper, but summoning the practical sailor to his aid, the two together framed the model of a fast sailer.

The author says there is "an unreasoning prejudice against accommodation bills." What banker who has been bitten by this dangerous kind of paper, but thinks he had better have followed the dictates of his reason and rejected it when offered? We all know what "kiting paper" is, and prefer not to have it appear in our portfolio.

This section ends thus: "We conclude, then, that credit is good; but it requires general caution and strong control to keep it from being an evil." Yes, it also needs good common sense in buyer and seller, in dealer and purchaser, in banker and customer, in depositor and depositee, and a great deal of trust in "Poor Human Nature." X.

ENGLAND AND GERMANY.

That there is no love lost between England and Germany has been plain for some time. The German censures of the British treatment of the Dutch Boers in Africa have brought things to a crisis, and the London *Times* declares in the article which is annexed, that Great Britain cares very little for Germany, or for that matter, for the whole of Continental Europe. An American statesman was roundly censured three or four years ago, for asking, "What is Europe to us?" But the London *Times* does not hesitate to say that Europe is nothing to England, and there are many reasons for its saying so. If it was not for the diversion to the Suez Canal of the route to India, it is very little that England need to care for Europe, with which its trade is now, comparatively, of very small consequence, and growing constantly less. Since Germany has turned the free-traders out of political power, Europe is substantially unanimous in raising higher and higher its tariff barriers against the introduction of British goods. The Cobden Club gives it up, that so far as the propagation of its doctrines is concerned Europe is a hopeless field. For the loss of trade in that quarter, however, England has thus far found a compensation in increasing trade with its own colonies and dependencies, and is not at all inclined to lower its front on account of manifestations of ill-will in Germany, or among "Continental people" of any description. It is not to be gainsaid

that the vast dimensions of the British Empire well entitle British writers to use the language of courage and pride.

[FROM THE LONDON TIMES OF FEB. 14.]

Things must be very quiet in Germany when the leading German newspapers can find nothing better to talk about than the sinister designs of England. The class of topics is one which turns up from time to time in the absence of more stirring matter. England has long been accustomed to be made the mark for Continental abuse. Englishmen do not much care about it. They take it as a matter of course, and put it down for just what it is worth and no more. If they are affected by it at all, it is rather pleasantly than otherwise. It seems to them a species of homage, not willingly rendered, but all the more sincere on that account. They are well content to fill so large a space in the ideas of other people. If they are suspected, it is a tribute to their power; if they are met with envy and dislike, it is because they are, in a good many ways, better off than their critics. There are other allowances, which, in all fairness, they feel bound to make. Europe is to English eyes a very small part of the world. Its States are closely packed together; they touch and intrude on one another at a thousand points. Friction, in such a state of things, there can hardly fail to be. Offences must needs come from oppositions of interest, real or fancied. For States, as for individuals, life is a struggle, and the survival of the fittest is an inevitable natural law. It is a little unreasonable, even so, that Germany should begin to fancy herself in the way of being squeezed out of existence. It is early in her national life for such thoughts as this. She has lasted as a united Power, as a "politically unified and compact mass," for fifteen years at most, and she may go on as she has begun for an indefinitely longer period. Are we wrong in putting down her fears and suspicions to a doubt about her own stability, to an idea that the compact mass which has so lately come together may disintegrate no less easily? But we must not take these hostile utterances too seriously. They have a meaning sometimes, but very much more often they have none. They are not due either to envy of England or to a genuine or even an imaginary antagonism of national interests. They are simply the idle talk of persons who have nothing else to talk about, and they take their turn accordingly with other subjects as unreal and as unimportant as themselves. They belong most properly of all to the politicians of the *café* and of the beerhouse. With a plentiful consumption of malt liquor and tobacco they can be developed to any amount. They spring up like mushrooms, as speedily and as unaccountably, and they disappear again in due course. We must receive them, therefore, for what they are. A fresh burst of Jew-baiting, a commercial crisis, a new conscription law, or a new tax would dissipate them in an instant, and would occupy their place as most pressing matters of gossip. The compliment, or the reverse of compliment, which they imply, is not one which Englishmen greatly care to return. They have other questions to trouble themselves with; they neither know nor seek to know the little schemes with which life on the Continent seems to abound; nor do they inquire very exactly into the meaning of the angry talk which sometimes reaches their ears, but which most commonly perishes in the uttering. The possession of a single fortress, or river bank, or *tete-de-pont*, or line of railway seems a great thing in the imagination of Continental people.

HALF-AN-HOUR'S ADVICE TO BANK AGENTS IN COUNTRY DISTRICTS.

[FROM A SERIES IN THE SCOTTISH BANKING AND INSURANCE MAGAZINE.]

Bills Discounted.—This is by much the most legitimate class of advances to be made by a banker, especially when of a *bona fide* business character; and to the cultivation of this, therefore, you should turn your chief attention. When a bill is presented to you for discount, you should first acquaint yourself, as far as possible, with the nature of the transaction which it represents. Is the person drawn upon one whose line of business naturally leads him to buy from your customer? Then, is the opinion which you have received of him such as would warrant so large a credit as the drawer is giving him? In judging of this, it will be necessary that you consult your discount ledger, that you may see what is the total amount current on this acceptor, and also whether his acceptances have previously been punctually met? What have you learned of the character of the man himself, and of the business in which he is engaged? Is it prospering or declining? I presume, of course, that you have satisfied yourself on all such points in regard to your own customer, and that you have good grounds for believing that he is a man of good moral character, of industrious and temperate habits, possessed of a competent knowledge of his business, and not given to reckless extension, or especially to speculative transactions. If, on further acquaintance, you find that he comes short in any of these particulars, you had much better want his custom. He may endure for a while, but sooner or later he will come to grief, and you will find yourself a loser. There is another indication of the safety or otherwise of a discount account to which you should direct particular attention, viz., the character of the operative account kept by your customer. There are some banks—the Bank of England especially—who refuse to discount to any one unless he keeps an average balance at credit of a specified amount, and this rule I believe to be a wholesome one. A merchant who is always using the full proceeds of his bills, or perhaps considerably more, may, as a rule, be judged to be hard up for cash, or at least to be doing too large a business for his capital. He is not providing for unexpected contingencies, and these may happen any day. A time of crisis will most likely find such a man unprepared to meet a sudden call on his resources, say from returned bills or otherwise, or to tide over a period of stagnation in trade. He is keeping up too full a sail, has too little ballast, and the first squall may upset him. It is just such men as he who bring about commercial crises. They push business recklessly, “hastening to be rich,” and never dream of providing for the inevitable reaction which sooner or later must follow the time of inflation. You may not be able to insist on an unvarying balance of specified amount being kept by your customers all the year through, but, if you find that the general balance is small, and especially if it is frequently on the wrong side, you should first of all request a change to a better system, and then, if your remonstrance is disregarded, you should forthwith close the account.

Hitherto I have been speaking of *bona fide* business bills only, but there is a class of bills which only represents money borrowed on the security of another name, and which are therefore called "Accommodation Bills." These, as a rule, are objectionable, but, in the country especially, with people who are not manufacturers or merchants, and even those in abnormal states of trade, cannot be altogether avoided. The great danger attending them is that they are liable to go on too long without reduction in their amount, and thus to become permanent advances. Before discounting such bills, therefore, you should ascertain the purpose for which the money is wanted, and allow the parties clearly to understand that, this purpose (which should in every case be of a temporary nature) being served, you will insist on a repayment of the loan, or, at the very least, of a substantial periodic reduction until the whole is cleared off. I have said that you should ascertain before discounting what is the nature of the purpose to be served. I may mention the following as legitimate within certain limits. A farmer may wish to buy additional stock (cattle or sheep) to eat off an unusually good crop of grass or turnips, or he may mean to purchase artificial manures beyond his ordinary supply, for in both of these cases he may legitimately look for a recouping return within a reasonable time; but if he should be constantly meeting his rent by the help of his banker, or holding over his crop in expectation of higher prices, or entering into transactions not connected with his ordinary business, it will not be right that you should encourage him in these. A merchant, in the same way, may properly enough seek to lay in a stock of goods at a time when prices are rising, or may desire to refrain from sacrificing them when prices are abnormally low, and may then ask temporary assistance on security from his banker. Some such cases may recommend themselves to a prudent banker, if he considers them exceptional and justified by the circumstances, but, on the whole, it will be his wisdom to deal as little in this class of paper as he possibly can, and then only to his regular good customers who have hitherto been of use to him otherwise—either by their own account, or through their connections. I have not unfrequently heard an Accommodation Bill defended on the ground that the agent expected through it to extend his connections, and increase his deposits; but I have generally found that this expectation is fallacious, and have, on this account, as well as on the general principle, of which it is a contravention, to recommend you to put away from you the temptation, and to refrain entirely from the practice.

Renewals of bills, especially of Accommodation Bills, are frequently asked for. The only excuse for this, which should be listened to, is that the transaction which the bill represents has not been completed. In the case of an Accommodation Bill you can generally find out whether this excuse be consistent with the fact, but, in the case of a business bill payable in another town, you may have to depend solely on the truthfulness of your customer, unless you can see that he has been remitting through you in favor of the acceptor. Of course the correspondent, to whom you have sent the bill for collection, should be able to learn whether the drawer or the acceptor has paid the bill, and it would be well that there was a friendly understanding as to this among bankers generally.

If you should see reason to suspect that bills sent you for collection from your Head office, or Branches, have been retired by

the drawers, you should at once communicate the fact to the office from which you have received the bill, as a hint of this kind may be the means, as I have known it to be, of saving the bank from loss; and generally you should keep them informed of any circumstances which may lead you to fear that the acceptors of any of their bills are not so trustworthy as you had at one time supposed them to be, or to suspect accommodation between the parties.

In cases where you cannot avoid renewing bills, you should charge a higher rate of discount on them than that current for the time on the class of bills to which they belong, as well as endeavor to get as large a reduction of the amount as possible. Your customer cannot reasonably complain of this, for he must know that the transaction is an irregular one and therefore not subject to ordinary banking rules.

Past-due Bills.—When any bill has been dishonored at maturity, you should *at once* take it out of the class of bills to which it originally belonged, *i. e.* whether “Local Bills,” or “Bills Remitted,” and debit it to “Past-due Bills,” unless it has previously been taken up by the drawer. If this has not been done, you should forthwith call on the drawer for immediate payment, and give him no rest until he has complied with your request. The rule in the Bank of England, and perhaps in some other establishments, is imperative as to this, and, if it is not in your instructions, you should nevertheless follow it as closely as you can. I am aware that you will frequently be urged by your customers to allow their dishonored drafts to stand over for a time, with the excuse probably that you can recover the amount more easily than they can. Let me advise you to give no heed to such a request, unless the reason urged be something very much better than this. I have known many instance in which loss has been sustained by agents giving in too easily to such request. The debt has been lost sight of, or the drawer has got into difficulties, or the estate of the acceptor has been diminished by preferences given to some other creditor, or some dispute arises as to liability, and you are landed in a law suit. Altogether, then, my strong advice to you is that you should insist on all dishonored bills being taken up at once, unless some very special and satisfactory reason be given you for delay.

TEA CULTURE IN INDIA.

The area under tea increases each year. In 1878 the land under tea in Assam was 140,146 acres; In Bengal, 32,255; in the Northwest Provinces, 5,380, and in other districts, 10,980; making a total for British India of 187,961 acres. In 1876-77 the total acreage under tea in India only amounted to 145,685 acres, so the increase in one year in acreage was 42,276 acres. The total quantity of tea made in all India was, in 1878, 36,143,045 lbs. The comparative exports of the last five years are as follows:

	<i>Pounds.</i>		<i>Pounds.</i>	
1874-75.....	21,137,087	....	1877-78.....	33,459,075
1875-76.....	24,361,599	....	1878-79.....	34,432,573
1876-77.....	27,784,124	....	

CURRENT EVENTS AND COMMENTS.

A BRITISH VIEW OF AMERICAN FLOURING MILLS.

A practical miller, writing to the *Glasgow Herald*, expatiates at great length upon the causes which have brought about the ruinous competition of American millers with those of the British Islands. He contends that the English millers have neglected the most important point in the contest for the supremacy, viz.: the improvement of their machinery, and that, therefore, the only reason why the American producer can import and undersell his English competitor is, that he has the means through his superior mechanical appliances to produce a finer grade of flour at a cost and with an ease which put the English miller hopelessly in the background. The writer . . . advises his co-workers to adopt the most improved American machinery now in use, and seize upon every new device as it comes from the inventors' hands.

REFRIGERATOR CARS.

A dispatch (April 9) from Chicago, says: "An organization has been formed here, with George L. Hopkins as president and Captain A. F. Higgs as general manager, for the establishment of a line of refrigerator cars between the South and Chicago, St. Louis, Indianapolis and Cincinnati. It is understood that the enterprise is backed by Jay Gould, and 1,500 new cars, fitted with all modern improvements, will be built for the transportation of semi-tropical fruits, vegetables and perishable goods from the South over Jay Gould's system of railroad."

WATCH MANUFACTURING.

A movement is on foot among capitalists to erect in Cincinnati a mammoth watch-works factory. The Eastern factories, as well as the one at Elgin, Ill., are said to be so crowded with orders that they are unable to supply the demand for watch works in this and other countries. Most of the American factories are over a month behind in their orders for work, and business is on the increase.

Mr. J. C. Doeber, who has a large watch-case factory at Newport, Ky., intends to employ Swiss workmen. To a newspaper reporter he said: "I want about thirty-five or forty Swiss workmen with their families. I will pay their way over; contract with them to furnish them employment for a certain number of years, and offer them other inducements. I have an agent in Switzerland now who has found quite a number who are willing to come."

WESTERN OATMEAL.

Mr. G. Douglas, of Cedar Rapids, Iowa, the owner of extensive oatmeal mills there, has been interrogated by the *Chicago Tribune* in regard to the export of that article. He said that the mills of the West ground about 13,000,000 bushels last crop year, most of which was exported to Europe. This year the quantity ground for export will not exceed 2,000,000 to 3,000,000 bushels. The reason is that a big crop of oats was harvested in Scotland and England last year, and, that being the case, competition from this side is scarcely possible. The old country oats will often weigh forty-five pounds to the measured bushel, and will, of course, make a great deal more meal from the same bulk than ours will at thirty-two pounds.

MORE SALT IN MICHIGAN.

A correspondent of the *New York Journal of Commerce* gives the following account of recent and apparently important discoveries of salt by Reitz Brothers, at Manistee, Michigan: "Some time in midwinter, at a depth of about 1,950 feet, they struck a bed of pure salt thirty-one feet thick. The brine has been analyzed by chemists in Milwaukee, and the salt pronounced to be equal to Onondaga salt in quality. It is supposed to be the same bed as that at Goderich, Canada, but lower down than that at Saginaw, Mich. Messrs. Reitz's well has thus far been flowing over and off. On account of the winter interruption of lake navigation they were unable to get their pumps and other machinery here. Their 'blocks' will soon be in operation, and Manistee salt will go into the market.

"Fifteen or twenty wells will be put down this season, and there is ample capital to conduct the manufacture on a large scale. The business will all be carried on in connection with the lumber mills, and the refuse from the saws and surplus steam will be used in evaporation. There seems no reason why each one of our twenty-six steam saw mills may not have one, two or three wells, and thus each mill manufacture from 100 to 300 barrels of salt daily. Of course, we consider that from a bed of solid salt thirty-one feet thick and of unknown extent, a supply may be obtained limited only by the ability of the manufacturers.

"Manistee, being on the east shore of Lake Michigan and 110 miles from Milwaukee and 180 miles from Chicago, can put salt in those cities at great advantage. I imagine that the plentiful supply and low price will lead to a large use of this salt in agriculture.

"There seems no reason why Manistee should not furnish as much salt as Saginaw, in a very few years—just as soon as the manufacture can be developed."

FEWER STALKS AND MORE COTTON.

We clip the following from *Cotton*, of April 9: "Since the Warthern experiments in 1873, where five bales of cotton were made on a little over one acre with 4,840 stalks, numerous experiments have been made to test the question, and hardly a test has failed to indicate the very great advantage in having a lesser number of stalks than has been the general custom heretofore. Instead of 30,000 to 50,000 stalks per acre, it has been very satisfactorily determined that not over 7,000 should be permitted on the poorest soil devoted to cotton, and that on rich land from 3,000 to 5,000 will make a better yield than ten times this number."

A NEW NAVAL CONSTRUCTION.

In respect to a craft under construction at Delamater's Iron Works in New York, the *American Ship* gives the following account: "The inventor, Mr. Ericsson, was inclined to say little more than that he intended to produce a floating war engine that would be not only invulnerable but irresistible. After various trials and adjustments, she is now pronounced complete.

"It is named the 'Destroyer,' and it is wholly of iron, 130 feet long, 11 feet deep and 12 feet wide. When in readiness for action it is nearly submerged, only a few inches of it rising above the water. There is an extra and massive armor plate placed at an angle of 45 degrees forward of the engine and backed with four feet of wood work, thus constituting a shield to resist shot fired from in front. The rudder is several feet under water. The 'Destroyer' is driven

by a 1,000 horse-power engine. But the remarkable feature of the invention is the gun and its projectile. The details of the torpedo and the method of handling it are the secrets of the inventor. The United States Navy Department is aiding Captain Ericsson with men and materials in his experiment, which has thus far proved a most gratifying success. Charles Barnard takes this view of the matter: "Here, then, is the American idea: An armor-clad boat, with a submerged gun firing a shell or torpedo of greater power than any yet made, and before which the ironclad fleets of Europe are helpless. The Destroyer can outrun any ironclad afloat, she is invulnerable, fights bows on, rushes up to within a few hundred feet of her enemy, fires shot after shot in rapid succession without warning, and without noise or sign upon the water. . . . Forty 'Destroyers' can be built in New York in ninety days, at the cost of one Inflexible, and, protected by a dozen, New York harbor is secure against any hostile fleet."

A GREAT CANNING ESTABLISHMENT.

We clip the following from the San Francisco *Commercial Bulletin*: "The latest establishment brought to our notice is that of the extensive canning factory of A. Lusk & Co., situated at 425 Brannan Street. They have purchased the two lots recently belonging to the German Hospital, and have erected thereon a one-story building 120 feet front by 256 deep, for the purpose of canning salmon, fruits, vegetables, etc. This is one of the most extensive factories of the kind in the United States. They have here a packing capacity of 100,000 cans per day, and employ 1,000 to 1,200 persons, chiefly women, for handling the fruit. They have an artesian well upon the premises. . . . In the tin shop, which is on the premises, there are millions of tins already made and in stock ready for the canning of salmon, fruits, etc. . . . Take it all in all, this canning establishment is one of the most complete in existence, and reflects great credit upon all engaged in it. . . . As to the manufacture of tins, we noticed that both kinds were made, those soldered on the inside as well as those upon the outside. The latter are made in conformity to the late French requirements, which, no doubt, will be the only kind used at no distant day, although the canners insist upon it that one method is as good and as safe as the other, the latter process being the more expensive."

CANADIAN IMMIGRATION STATISTICS.

The Toronto *Times*, of April 8, says: "The total emigration to Canada during the year 1880, appears to be considerable. The total number of arrivals at all points amounted to 85,850. Of these, 47,112 were immigrant passengers for the Western States, who had selected the Canadian route, and very many of these were of Scandinavian origin. The Scandinavian settlements in the Western States are very considerable, and one successful settler always attracts others. The total number of settlers of all kinds in Canada during the year was 38,505, and of these as many as 10,961 came from the United States, and reported themselves as settlers in connection with free entries of household effects. By far the largest proportion of these were returned Canadians.

It appears that about 17,000 immigrants entered Manitoba and the Canadian North-West during the year, and of these very nearly 5,000 came from Europe, and the remainder from Canada and the United States. The arrivals from the United States are approximately stated at 2,280. The other Provinces furnished the remainder of the figures stated.

PROSPERITY OF BUENOS AYRES.

A recent number of the Buenos Ayres *Herald* says: "Industry is raising its head in all quarters. Immigration was never more numerous. Among the new enterprises announced is one to grow beet-root and manufacture sugar at Diamante, Entre Rios. The promoters are Frenchmen. The very heavy arrival of goods from Europe attracts attention, but the goods for the most part, instead of being articles of luxury, are railway iron, comestibles and fencing wires for our estancias, all of which point to the steady march of the country. Our colonies were never more flourishing than at present, and the season, for the sheep-farmer, the estanciero, and the wheat-farmer, has proved most favorable. Flax-growing is now quite an industry in this country. Cattle and sheep are at very high prices, owing to the constant demand for new estancias. We think that at no previous period was the country growing so rapidly as at present, and the arrivals of immigrants from Europe are so much increasing that it is probable this year the number will reach, what President Roca predicted when entering office, one hundred thousand."

AGRICULTURAL IMPLEMENTS IN RUSSIA.

The Minister of State Domains has just reported that in the forty-six leading provinces of Russia there are 203 works for manufacturing agricultural implements. These employ 6,642 workmen, and turn out machines to the value of 4,500,000 roubles (\$3,000,000) a year. In 1875 the import of foreign agricultural machinery was valued at 3,157,000 roubles. In 1880 it had fallen to 1,628,000 roubles.

THE TRANSVAAL.

The following from the telegraphic correspondence, March 10, from Durban, South Africa, of the London *Times*, throws light upon the views taken as to the effect of the concession to the Boers of independence, without first making them feel the weight of British power: "We await with intense anxiety the result of the armistice. It is felt that if England halts now, the effect on the native mind may be fatal to her authority. The last engagement was so complete a defeat that a peace falling short of submission by the Boers to British supremacy would make the Queen's sovereignty in South Africa a matter of derision.

"I hear that the home Government proposes to follow up the armistice by appointing Sir H. Robinson, Sir John De Villiers and Sir E. Wood, as British Commissioners, to meet a similar commission of the Boers, thus conceding to the latter, sovereign rights. If this be done, and the Queen's authority be withdrawn in present circumstances from the Transvaal, her supremacy in South Africa will be fatally jeopardized, alike among the English, Dutch and natives. I say this with a full knowledge of the prevailing feeling, and with every consciousness of the Boers' grievances. England has been thrice defeated, on the last occasion utterly, her veteran troops flying before an untrained enemy, and her chosen General falling before their fire. Should the Boer sovereignty be conceded in the Transvaal, the Boers will, by every native in South Africa, be regarded as the stronger Power. In the Cape Colony, the loyalty of the Dutch inhabitants is being sorely strained, and the Boer dream of a Free South-African Republic seems in the Boer mind hastening towards realization. . . . The Transvaal must undoubtedly be self-governed, but the supremacy of the Queen's arms must first be demonstrated if South Africa is to remain British territory."

THE MONETARY CONFERENCE.

In the German Parliament, in March, Herr Scholz, described as a "commissary of the Government," whatever that may mean, read a paper in behalf of Prince Bismarck, upon the money question. After premising that Bismarck was in favor of the *statu quo*, whatever that may mean, Herr Scholz went on to say: "The Imperial Chancellor holds the opinion that there is not enough gold for the single standard policy to prove successful, even in those countries where that system already exists. The Chancellor thinks that the scarcity of gold must first be faced, and compares this state of things to a blanket thrown over two persons, which, not being wide enough to cover them both, is drawn first by one and then by the other."

The British *Mercantile Gazette*, of March 25, had the following: "Bi-metallism is decidedly the problem set for the year 1881 to solve. The full text of the proposal to be submitted by the co-advocates of this doctrine—France and the United States—has been published, and the belief obtains in well-informed financial circles that the monetary conference will prove a partial success. Continental opinion is strongly expressed in favor of bi-metallism. Austria and Italy are expected to accept in full the propositions made by the two Republics, who on this question have fairly taken the lead. Germany, according to the *Times*, will simply agree not to sell silver; but our advices point to a more thorough adoption of a dual standard. If Austria assents, we may take it for granted that Prince Bismarck will join *con amore*. In the interests of his country he can scarcely afford to do otherwise. To countries like Austria and Hungary, the greater part of whose debts are paid in silver, the remonetization of that metal is of grave importance. Germany, especially the German States, stands in the same category, although less prominently. Besides, the railway receipts of many European lines are chiefly in silver, and the companies or governments managing the railways lose heavily on the exchange. Several considerations, therefore, will tend to influence the European Powers in accepting the proposed terms. To England individually the matter is of supreme indifference. Our single standard supplies all our wants, and the existence or non-existence of bi-metallic treaties among other nations can exercise no appreciable effect on our money markets or commerce. But in relation to India the subject is of more consequence, and Government, by agreeing not to relinquish the silver standard in that country, may count on the support of all uninterested financiers and economists. It is open to dispute whether Government would not be justified, under the circumstances, in unhesitatingly acceding to the French proposals."

The money article of the London *Times*, of March 26, had the following: "The consistency of the reports as to the approaching Monetary Conference being likely to have some result increases. The principal countries moving in the matter have so much interest in definitely settling the question of what their currencies will be, and Germany has so much interest in reversing the change from silver to gold, which has caused so much disturbance to the money markets of the world, that there is on almost all sides a disposition to come to an agreement of the nature we have already indicated. So strong is the view thus taken that we believe it is not unlikely to affect the date of issue of some of the new loans, which have lately been expected almost daily. If the Italian loan were now to appear, one of the objects would be to procure a large sum in gold for the Government. But any special arrangement about gold would be unnecessary if a bi-metallic agreement should be come to. What applies to Italy also applies to Governments like Austria, which have inconvertible paper currencies. All these countries, it is assumed, have an interest in waiting till the proposed Conference has decided in the matter. As another evidence of the consistency of these reports about the Conference, it may also be noticed that Lombard Railway shares have advanced within the last few days, on the expectation that 'something will be done,' the exchange being a matter of great importance to this company."

In the French Senate, on April 7, M. Magnin, Minister of Finances, reply-

ing to a question of M. De Parieu, declared that France, the United States, the Netherlands, Italy and Spain agree upon the principle of the double standard. Bi-metallism was making progress in Germany. Public opinion in Belgium was in favor it, and the Chambers of Commerce in England had made declaration in a similar sense. The adhesion of England might still be hoped for, and that would remove all obstacles. The object of the Conference would be to establish international monetary regulations. France would support bi-metallism.

A memorial signed by important Indian banks, and by London bankers and merchants, was presented on April 8, to Lord Hartington, Secretary of State for India, in favor of the representation of England at the Monetary Conference. Among the signatures are those of the Oriental Bank Corporation, the Chartered Mercantile Bank of India, the Hong Kong and Shanghai Banking Corporation, Dent, Palmer & Co., and Gibbs & Co., merchants, the Peninsular and Oriental Steamship Company, Frederick Huth & Co., and Morton, Rose & Co.

The appointment of Senator Magnin, Minister of Finance, M. Dumas, Senator Denormandie and M. Cernuschi, as French delegates to the International Monetary Conference, was gazetted on April 13th. M. J. B. Dumas is Secretary of the Academy of Sciences, and President of the Mint Commission.

The Committee of Fourteen—one Commissioner appointed by the representatives of each of the fourteen States participating in the International Monetary Conference—sat on April 23, for the first time under the Presidency of Dr. J. C. Kern, Swiss delegate, as senior. The latter proposed that M. Cernuschi, French delegate, be appointed President of the Committee. M. Cernuschi declined, and Mynheer Prolik, delegate from Holland, was elected. It was decided to make no report of the sittings of the Committee. M. Cernuschi and Mr. Horton were intrusted with the duty of draughting a list of questions to be submitted to the Congress. The next meeting of the Committee will be held when this task is completed.

BANK ENTRIES AS EVIDENCE.

The following bill, drafted by a prominent bank officer to obviate a great annoyance, if not a detriment, to banks and bankers, has become a law in Wisconsin:

CHAPTER 324.

An ACT relating to evidence from bank books. The people of the State of Wisconsin, represented in Senate and Assembly, do enact as follows:

SECTION 1.—Whenever any evidence shall be required in any Court of this State, from the book entries of any bank or banker doing business at the time of such requirement, it shall be competent to produce verified copies of such entries which shall be received in all legal proceedings as *prima facie* evidence of such book entry, or entries, and a banker or bank officer shall not be compelled to produce the original book, or attend as a witness thereto, unless especially ordered by the Court or officer before whom the trial is had.

SEC. 2.—To warrant receiving such copy as provided in the foregoing section, there must be an affidavit, or the testimony of an officer of the bank, stating that the book is one of the ordinary books of the bank, used in the transaction of its business, that the entry is as was originally made at the time of its date, and in the usual course of its business; that there are no inter-lineations or erasures; that the book is in its custody and control, and that the copy has been compared with the book and is a correct copy of the same; and such book shall be open to the inspection of any interested party.

SEC. 3.—Any person who shall make a false affidavit, or give false testimony under the provisions of this Act, shall be deemed guilty of the offense of perjury, and on conviction thereof, shall be punished therefor in the manner provided by law.

SEC. 4.—This Act shall take effect and be in force from and after its passage and publication.

Approved April 2, 1881. [Published April 11, 1881.]

THE TAXATION OF NATIONAL-BANK SHARES.

SUPREME COURT OF ALABAMA.

Charles T. Pollard, Jr., Tax Collector, v. The State of Alabama, ex rel W. D. Zuber.

APPEAL FROM MONTGOMERY CIRCUIT COURT.

SOMERVILLE, J.

The main question involved in this case is whether the shares of the stockholders in National banking associations, incorporated under the Act of Congress can be lawfully taxed under the revenue code in force prior to the recent Act of the Legislature, approved December 8th, 1880, specially providing for such taxation. The proper consideration of this subject necessarily brings under our review the previous decisions of this Court relating to State taxation of these institutions, and the extent of their modification as required by recent adjudications of the United States Supreme Court. The latter tribunal must, of constitutional necessity, be the legal forum of last resort for the determination of questions of the character, which are federal in their nature. *Cooley's Const. Lim.* 12, *Cohens v. Virginia*, 6 Wheat. 264. We have sought to give this matter that research and deliberate consideration, to which its importance, and the magnitude of the interest involved, justly entitles it.

It now seems settled, by authority no longer capable of judicial disputation by the State Courts, that the National banks are agents or instruments of the General Government, designed to aid in the administration of an important branch of the public service, and they are appropriate means to that end, constitutionally authorized as a proper exercise of the incidental or implied powers of Congress. *Farmers' National Bank v. Dearing*, 91 U. S. 29; *McCullough v. State of Maryland*, 4 Wheat. 316; *Ball on National Banks*, 216.

Whether the power to tax these corporate associations is derived from express legislative permission of Congress, or whether it is an original or inherent attribute of State sovereignty, liable only to be regulated and restrained by Congress, is not material to be here determined, and is a question about which there have been conflicting views among the various Courts. *State v. Newark*, 40 N. J. 558; *Ruffin v. Commissioners*, 69 N. C. 498; *People v. Weaver*, 100 U. S. 539. As the power to tax, however, necessarily involves the power to impede and defeat the operations of these agencies, if it does not include virtually the power to destroy their existence, the several States possess the constitutional power to tax them, whether originally or by derivation it matters not only at a rate, in the manner, and on the particular conditions authorized by Congress, as the only law-making power of the General Government under the Federal Constitution. *Sumter County v. National Bank*, 62 Ala. 464; *National Bank v. Mayor, etc., of Mobile*, *Ibid.* 284. It was asserted by Chief Justice Marshall, in *McCullough v. State of Maryland*, *supra*, as a proposition not to be denied, that "the power to tax involves the power to destroy [and], that the power to destroy may defeat and render useless the power to create." "The States have no power," he said, "by taxation or otherwise, to retard, impede, burden, or in any manner control the operations of the constitutional laws enacted by Congress to carry into execution the powers vested in the General Government."—*Ib.* 436. In *National Banks v. Commonwealth*, 9 Wall. 353, it was said that the doctrine, which exempts the instrumentalities of the Federal Government from the influence of State legislation, is not founded in any express provision of the constitution, but on "the implied necessity for the use of such instruments by the Federal Government." These conditions of State taxation have been designated by Congress in the form of enactments which plainly limit and regulate the right to tax. The Act of Congress of February 10th, 1868, embodied in section 5,219, of the

Rev. Stat. U. S., thus provides: "The Legislature of each State may determine and direct the manner and place of taxing all the shares of National banks, located within said State, subject to the restriction that the taxation shall not be at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of such State.—15 *Stat. at Large*, 34.

This is a law of the General Government, and it is too well settled to require the citation of any supporting authority, that the State courts are bound conclusively by such construction as may be given it by the Supreme Court of the United States, even though such construction be antagonistic to their present judicial convictions, or even in conflict with previous adjudications frequently reaffirmed. State taxation, under this statute, is forbidden to be "at a greater rate than is assessed upon other moneyed capital in the hands of individual citizens of the State." This clause is construed to forbid any unfavorable discrimination in taxation against National banks, and to prohibit any system of assessment of taxes which exacts from the owners of shares in such corporations a larger sum in proportion to their value than it exacts from the owners of "other moneyed capital." *Ball on Nat. Banks*, 218, 224. *Pelton v. Nat. Banks*, 101 U. S. 79; *People v. Commissioners*, 4 Wall. 256.

In *Lionberger v. Rouse*, 9 Wall. 468, it was held that the particular design of this act was to restrain the States from "legislating adversely to the interest of the National banks, and that there should be no unfavorable discrimination against them."

In *Adams v. Nashville*, 95 U. S. 19, its purpose was asserted to be to "protect" these corporations, organized under Federal authority, from unfriendly discrimination by the States in the exercise of their taxing power.

In *Pelton v. National Bank*, 101 U. S. (11 Otto) 143, it was held that "any system of assessment of taxes which exacts from the owner of the shares of a National bank a larger sum in proportion to their actual value than it does from the owner of other moneyed capital valued in like manner, does tax them at a greater rate within the meaning of the act of Congress."

The Supreme Court of Massachusetts said in reference to this enactment in the case of *Providence Institution v. City of Boston*, 101 Mass. 575, as follows: "It means merely, as we think, that such shares shall be taxed upon a general system, and in compliance with a set of rules and principles, applied alike throughout the State to the taxation of all moneyed capital. It means that the rate upon a thousand dollars invested in such bank shall be the same as the rate upon a like sum put at interest on good security; that, as far as mere taxation is concerned, the owner of the one investment shall fare neither better nor worse than the ascertained owner of the other; that banks are not to be oppressed or incommoded, nor their operations as agencies of the General Government to be prevented or impeded by invidious or unfavorable rates as compared with other property of the same general kind, and in the same place."

In *Wright, Auditor, etc., v. Stils*, 27 Ind. 338, the Supreme Court of Indiana decided that the shares of National banks could not be taxed under the laws of that State, because no such municipal tax as the discriminating one there in question was imposed upon the shares of banks organized under the authority of the State, and this conclusion was reaffirmed in *Craft v. Tuttle*, 26, *Ib.* 332. The ground of these decisions manifestly is, that this system destroys that equality of taxation designed to be secured in favor of these governmental agencies, and to this extent works an unjust discrimination against them.

The most important construction of this act of Congress, however, which has yet been promulgated by the United States Supreme Court is found in the case of *People v. Weaver*, 100 U. S. (10 Otto 539). It is there said, that this Congressional restriction on the power of State taxation is "manifestly designed to prevent taxation which should discriminate against this class of property as compared with other moneyed capital." It was held that the act obviously had reference to "the entire process of assessment," including "the valuation of the shares as well as the rate of percentage charged thereon," and a statute of the State of New York was pronounced invalid on the ground that it did not allow the plaintiff "the same deduction for debts, due by him, from the

valuation of his shares of National-bank stock, that it allowed to those who have moneyed capital otherwise invested."

The assessment in the case at bar was made and the tax levied under the provisions of sections 362 and 369 of the Code of 1876. The question to be determined is, whether the system of assessment, and the amount of the tax imposed, under these sections on moneyed capital, generally, is the same substantially in effect when applied to shares in National banks.

It is first objected that section 358 of the Code, subdivision 2, exempts entirely from taxation moneyed capital invested in State bonds, and that this fact of itself is unequal and discriminating as against moneyed investments in National-bank shares, because it imposes a burden on the latter from which it expressly relieves the former. This view seems to be sustained by a strong intimation of Justice Miller, in *People v. Weaver*, *supra*, but we are not disposed to concur in the conclusion. The suggestion by him is a mere judicial *dictum*, used *arguendo* by way of illustration, and was not a point arising for decision in the case. The tendency of the decisions, we think, is strongly to the contrary. It was said by Justice Hunt, in *Adams v. Nashville*, 95 U. S. 19, *supra*, that these acts of Congress were "not intended to curtail the power of the States on the subject of taxation, or to prohibit the exemption of particular kinds of property." And again, by Chief Justice Waite, in *Hepburn v. The School Directors*, 23 Wall. 480 (485), that a State tax law was not violative of the act of Congress merely on the ground that it allowed "a partial exemption" of a certain kind of moneyed capital, which was designed to prevent a double burden of taxation both on property and debts secured by it. "It could not have been the intention of Congress to exempt bank shares from taxation, it was said, because some moneyed capital was exempt." In *People v. Commissioners*, 4 Wall. 244, an assertion by Justice Nelson was emphasized to the effect that it would be a sufficient compliance with the act if the rate of State taxation should be the same or not greater than on the moneyed capital of individual citizens "which is subject or liable to taxation." And this view has been fully indorsed by the Supreme Court of Pennsylvania in a recent case, *Everitt's Appeal*, 71 Penn. St. 216, holding that the act of Congress had no reference to property exempted from all taxation. But without undertaking to decide this particular point, we feel fully justified in concluding that there was no intention on the part of Congress to require the taxation of State bonds. The purpose of the law is accomplished when the States conform, as far as practicable, their revenue systems to its requirements substantially, and it must not be construed to intend that any State should do what the General Government has itself declined to do, as unsanctioned by the immemorial custom of good faith, financial integrity and public honesty. *Lionberger v. Rouse*, 9 Wall. 468, 475.

There are, however, other features in the State revenue law, which are productive of manifest inequality in taxation, as against share owners in National banking associations. Section 362 of the Code, subdivision 8, enumerates, among other subjects of taxation, "all money loaned, and solvent credits, or credits of value." That these subjects are comprised under the head "moneyed capital" cannot be questioned. *Hepburn v. The School Directors*, 23 Wall. 480. It is provided that the taxpayer shall be permitted to "deduct his indebtedness" from these credits and "the excess only shall be taxed." This privilege of deduction is granted only to the owners of this particular class of moneyed capital, and is withheld from the owners of shares in National banking corporations. This was the precise point on which the New York statute was pronounced violative of this act of Congress in *People v. Weaver*, *supra*. In that case (100 U. S., 10 Otto 539) it was objected that the effect of the State law was 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." Said the Court: "Nor inasmuch as nearly all the banks in that State and in all others are National banks, can it be denied 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, is also free from doubt." Such being the case, the same discriminating feature must prove equally fatal to our own revenue system, as contained in the Code, so far as applicable to the taxation of moneyed capital invested in National banks.

Again, sub. div. 10 of section 362 of the Code taxes the capital stock of all incorporated companies, created under any law of the State, on a principle more favorable than that adopted in reference to National banks. A deduction, or exemption, is allowed for such portion of the capital stock as may be invested in property and taxed otherwise as property, and immunity from municipal taxation, except a license tax, is secured, in consideration of the payment of a fixed and limited percentage. Whether this immunity is not void as being violative of that equality of taxation required by the State Constitution, on the principle declared in *Sumter County v. National Bank*, 62 Ala. 464, is a point not necessarily raised for our determination. It is palpable, however, that under the operation of Sec. 362, clause 10, and Sec. 358, clause 9, the real estate owned by National banks is taxable, and no deduction on this account is allowed in their favor, but such deduction is allowed in favor of incorporated companies created under State laws which might of course include State banks. *National bank v. Mayor, etc., Mobile*, 62 Ala. 284; *Rev. Stat. U. S.*, § 5,219.

It is justly urged that the effect of taxation under these sections is to operate with unfavorable discrimination against National banks. If, for example, a State bank possess a capital of \$100,000, and one-half of that capital is invested in real estate, such bank will be subject to taxation on \$50,000 worth of real estate as such, and on \$50,000 only of its capital stock. A National bank, with the same amount of capital invested in the same manner, is required to pay the same amount of tax on real estate as that exacted from the State bank, and also an additional tax, indirectly through the shareholders, on the whole capital stock of \$100,000. No diminution in their favor is allowed on account of the tax imposed on real estate owned by them, as permitted in favor of State corporations. This would be an assessment tantamount to precisely double that required to be paid on the capital stock of a State bank. The process of assessment, on the capital stock in the one case, and on the shares in the other, operates with objectionable partiality. The deduction of the value of real estate owned in the one case, and its denial in the other, is discriminating. The sections are in clear conflict with the Act of Congress so far as applicable to National banks. *Collins v. City of Chicago*, 4 Biss. 472; *National Bank v. Popin*, 4 Dill. 29; *Nat Bank v. Young*, 25 Iowa, 311; *Cooley on Taxation*, 394 5; *Adams v. Mayor, etc.*, 95 U. S. 19.

Under the authority therefore, of these adjudged cases construing the Act of Congress under discussion, we feel impelled to hold that sections 362, 369 and 358, in the provisions of the clauses mentioned, apply a process of assessment and a rate of taxation unequal in their operation on moneyed capital in the hands of individual citizens, including State corporations, and on National banks, unfavorably discriminating against the latter to an extent violative of the Act of Congress.

It follows then, that prior to the passage of the recent Act of the Legislature, entitled "an Act to provide for taxing shares of the capital stock of National banking associations," approved December 8th, 1880, there was no statute in this State under the provisions of which a valid assessment of taxes could be made on such shares, as tested by the case of *People v. Weaver*, *supra*, and other decisions of the United States Supreme Court.

Whether the recent Act is so framed as to harmonize existing provisions of the Code with the requirements of section 5,219 of the *U. S. Revised Statutes*, is a question which is not necessarily presented for consideration by the record, and is therefore left undecided in this case.

It is needless to reiterate that the foregoing exposition of the federal enactment in question is conclusive on this Court, and, under its influence, we are

constrained to overrule the conclusions reached adverse to these views in *McIver v. Robinson*, 53 Ala. 456; *Sumter County v. National Bank of Gainesville*, 62 Ala. 464; *Winston v. Sumter Co. Commr's and Sumter Co. Commr's v. Crawford Mss.*, December Term, 1879.

The Circuit Court erred in overruling the demurrer of appellant, and in granting the application for the writ of *mandamus*. Its judgment is hereby reversed, and judgment rendered here dismissing the proceedings, with costs.

BRICKELL, C. J., not sitting.

LEGAL MISCELLANY.

[COMPILED FROM THE ALBANY LAW JOURNAL.]

Another contribution on the vexed question of the effect of a stipulation for attorney's fees in a note, is the decision by the North Carolina Supreme Court, in the very recent case of *First National Bank of New Windsor v. Bynum*, where it is held that a paper, to be negotiable, must be certain as to the time of payment and the amount to be paid; and an instrument (in other respects) in the form of a note which contains a promise to pay a certain sum, with current rate of exchange on New York, together with counsel fees and expenses in collecting it, if placed in the hands of an attorney for collection, and which further provides that the payees shall have power to declare said note due at any time they may deem it insecure, even before maturity, is non-negotiable for uncertainty (1), as to the amount to be paid, by reason of the stipulation for attorney's fees and rate of exchange, and (2) as to the time of payment, by reason of the provision which makes it payable before maturity at the future option of the payee. The Court cited: *Woods v. North*, 84 Penn. St. 407; S. C., 24 Am. Rep. 201; *Bank v. Gay*, 63 Mo. 33; S. C., 21 Am. Rep. 430; *Brooks v. Hargreaves*, 21 Mich. 255; 1 *Pars. on Bills and Notes*, 30, 46. See *ante*, 163.

In *National Bank of Fayette County v. Dushane*, Pennsylvania Supreme Court, November, 1880, 9 W. N. C. 472, it is held that usurious interest paid to a National bank cannot be set off in a suit on the note, but the remedy is by action of debt against the bank. The Court said: "This case, on the authority of the recent decision of the Supreme Court of United States, *Barnet v. National Bank*, 98 U. S. 555; S. C., *Brown's Nat. B'k Cas.* 18, must be reversed. It was there held that usurious interest previously received by a National bank, though taken in the renewals of a series of bills, of which the one in suit was the last, could not be pleaded by way of set-off, and that the only remedy was by an action of debt founded on the penal clause of the Act of Congress. This case, of course, overrules *Lucas v. The Bank*, 78 Penn. St. 228; S. C., 21 Am. Rep. 17; *Thomp. Nat. B'k Cas.* 872; *Overholt v. The Bank*, 82 Penn. St. 490; S. C., *Thomp. Nat. B'k Cas.* 883; and cases of similar character, at least so far as they hold that illegal interest taken by a National bank can be used by way of set-off or payment. In a transaction like the one in hand, from the case above cited, it will be found that the defendant's only remedy was by a penal action for double the illegal interest paid, and that the forfeiture of the interest upon the note only occurs where illegal interest has been stipulated for but not paid." The *Barnet* case seems also to overrule the doctrine of *National Bank of Auburn v. Lewis*, 75 N. Y. 516, S. C., 31 Am. Rep. 484; *Brown's Nat. B'k Cas.* 305; *National Bank of Winterset v. Eyre*, 52 Iowa, 114; S. C., *Brown's Nat. B'k Cas.* 234; and *Hade v. McVey*, 31 Ohio St. 231; S. C., *Brown's Nat. B'k Cas.* 353. The principal case accords with *First Nat. B'k of Clarion v. Gruber*, 87 Penn. St. 465; S. C., *Brown's Nat. B'k Cas.* 395.

AGENCY—AUTHORITY TO MAKE TIME AND SIGHT DRAFTS NOT AUTHORITY TO MAKE POST-DATED ONES.—A general agent had authority to draw drafts in the name of his principal on sight or time. *Held*, that this did not give him authority to draw post-dated drafts, and that where he obtained the discount of a draft post-dated, accompanied by a draft of the date of the day of the discount, as collateral, to be used only in case the agent should die before the date of the discounted draft, the post-dating of the draft was sufficient to put the bank discounting it upon inquiry as to the agent's authority. To charge the transferee of negotiable paper with the equities, he must have had actual notice of them, or at least, he must have had knowledge of such facts and circumstances as would have made his taking the paper with the intention of enforcing it an act of bad faith. *Goodman v. Simonds*, 20 How. 343; *Murray v. Lardner*, 2 Wall. 100; *Phelan v. Moss*, 67 Penn. St. 62; *Hamilton v. Vought*, 34 N. J. 187; *Magee v. Badger*, 34 N. Y. 247; *Crosby v. Grant*, 36 N. H. 273; *Farrell v. Lovett*, 68 Me. 326; *Commercial Bank v. First National Bank*, 30 Md. 11; *Spooner v. Holmes*, 102 Mass. 503; *Mathews v. Poytheers*, 4 Ga. 287; *Bottomley v. Goldsmith*, 36 Mich. 27. But no banker, to whom paper should be presented for discount by a third party before the time of its date, would look upon the offer as so far an ordinary occurrence that he would take it with the same promptitude as he would any other paper of equal apparent responsibility, and on the supposition that he had as little occasion to inquire into the circumstances of its issue. But in this case the paper was not only post-dated, but it was issued under a claim of agency, and the question of power was involved. It was the plain duty of a party proposing to take it to take notice of whatever was unusual, either in the form of the paper, or in the accompanying circumstances, which might tend to raise doubts in his own mind whether the authority which was asserted had in fact an existence; and among the most important of these circumstances would be those which indicated that the paper afforded special opportunities for fraud upon the alleged principal. He would not be at liberty to look exclusively at the facts which lead to one conclusion, and to disregard merely suspicious circumstances because in themselves they were inconclusive; for the fact of authority, or apparent authority, is one to be deduced from all the circumstances, and he must at his peril take them all into consideration. It is no doubt the fact that a post-dated draft, purporting to be payable at sight, is for all the legal purposes of presentment, demand, protest and payment, a draft payable a certain time after date. But in order that authority to make time paper shall be held to cover post-dated paper, their legal effect must not only be the same, but all their incidents so far identical that we may fairly suppose both were in mind when the authority was given; for the authority is not to be construed on technical reasoning, but by intent. Is this the case? Unfortunately, judicial decisions throw but little light upon the subject. In *Foster v. Mackreath*, L. R., 2 Exch. 163, it was decided that authority to draw a check did not authorize drawing a post-dated check, because, "so far as regards its practical effect, a post-dated check is the same thing as a bill of exchange at so many days' date as intervene between the day of delivering the check and the date marked upon it." And see *re Brown*, 2 Story, 502; *Andrew v. Blackley*, 11 Ohio St. 89. But while a bill of exchange is usually allowed days of grace, a post-dated check is not. *Mohawk Bank v. Broderick*, 10 Wend. 304; S. C. 13 *id.* 133; *Salter v. Burt*, 20 *id.* 205; *Taylor v. Lip*, 30 N. J. 284. The proposition, therefore, that authority to draw bills would include authority to draw post-dated checks is one which could not be supported. The two classes of instruments are similar, but they are not in legal effect identical. But a post-dated bill differs also from a bill payable a corresponding number of days after it is drawn. It is true that the question of the right to days of grace might be settled by the terms of the bill itself, but there would be an important difference in this, that the time bill would be subject to be sent forward for acceptance, while the post-dated bill would not. The latter must stand upon the responsibility of the drawer until the time of date arrives. It could not be dishonored by refusal to accept it before its date, because the drawer does not undertake to have funds in the drawer's hands to meet it before that day arrives; and the drawee, if he were in funds to meet it, could not retain them for the purpose as against

other bills drawn and payable before the date arrived. *Godin v. Bank of Commonwealth*, 6 Duer. 76; *Champion v. Gordon*, 70 Penn. St. 474, 476. Michigan Supreme Court, October 13, 1880. *New York Iron Mine Co. v. Citizens' Bank*. Opinion by COOLEY, J.

SAVINGS BANK—ADMINISTRATOR OF TRUSTEE DEPOSITING MONEY MAY CLAIM PAYMENT IN ABSENCE OF NOTICE FROM BENEFICIARY.—S, as trustee for C, deposited money in the defendant's Savings bank, which gave a pass-book to S. The bank did not know the nature of the trust. One of the terms of the deposit agreed upon at the time was that "the pass-book shall be the voucher of the depositor and evidence of his property in the institution, and the presentation of the pass-book shall be sufficient authority to the bank to make any payment to the bearer thereof; that the officers of the bank will endeavor to prevent fraud upon its depositors, but all payments to persons producing the pass-books issued by the bank shall be valid payments to discharge the bank." S thereafter died, the deposit not being drawn. *Held*, that a payment by the bank to the administrator of S upon the production of his letters and of the pass-book, and in the absence of any notice from C, the beneficiary, was a good payment and effectual to discharge the bank. If the trustee in his life time had presented the book and demanded payment, no claim by the beneficiary having been interposed, the bank would have been bound to pay. Upon the death of the trustee his rights devolved upon his administrator. *Banks v. Executors of Wilkes*, 3 Sandf. Ch. 99; *Bucklin v. Bucklin*, 1 Abb. Ct. App. 242; *Bunn v. Vaughn*, id. 253; *Emerson v. Blakely*, 2 id. 22; *Trecothick v. Austin*, 4 Mason, 16, 29. The bank had no right to inquire into the character of the trust, and owed no duty to the beneficiary until the latter by notice forbid payment or demanded it for himself. It is true that payment to one presenting a pass-book is not always a discharge to the bank, and if paid to one who is not the depositor or his legal representative, the bank, if it has agreed to use its best endeavors to prevent fraud, must exercise diligence, and is put on inquiry by circumstances of suspicion (*Allen v. Williamsburgh Savings Bank*, 69 N. Y. 317), but this rule applies only to prevent payment to the wrong person, to one not entitled to recover the deposit. If the right person applies and payment is made to him the question of diligence or negligence cannot arise. It does not affect the right of the administrator to call the trust an executed one. If the beneficiary has a right to the pass book and the fund, he must reach it through the trustee. Payment to the trustee is good, what remains is between him and the beneficiary. Judgment reversed. *Boone v. Citizens' Savings Bank of New York*. New York Court of Appeals. Opinion by FINCH, J.

[Decided Feb. 8, 1881.]

MUNICIPAL BONDS — ISSUED WITHOUT AUTHORITY OF LAW VOID IN INNOCENT HOLDER'S HANDS.—A charter granted by the Legislature of Missouri to the S. Railroad Company in 1860, provided that upon petition by the company the county court of any county through which the road should pass might authorize a vote to be taken by the inhabitants of a strip of country not more than ten miles each side of the road to take stock in the company and to raise a tax therefor, which should be levied and collected by the county court. By the constitution of Missouri, adopted in 1865, the Legislature was forbidden to authorize any county, city or town to become a stockholder in any corporation unless two-thirds of the voters should assent thereto. By a statute passed in 1868, townships were authorized to subscribe through the county court to railroad companies by a two-third vote, and bonds were to be issued by the county to pay such subscriptions chargeable on the voting town. By a statute amending this, passed in 1870, the taxable inhabitants of portions of townships were granted the same rights as towns as to subscribing for stock and issuing of bonds in cases where the charter of any railroad company authorized such portions to subscribe to stock. In 1870, after the passage of the last named act, upon the petition of the S. Railroad Company, the County Court of D. county, through which the railroad passed, authorized the taxable inhabitants of a strip of five miles on each side of the road through

the county to vote upon the question of taking stock in such road and the issue of bonds therefor. At the election there were 568 votes for the subscription, etc., and 400 against it. Thereafter the county court issued county bonds which recited that they were issued upon the vote of certain taxable inhabitants of the county, and were in aid of the S. railroad, and which were payable to bearer. *Held*, that the issue of the bonds was unauthorized, and that they were void in the hands of an innocent holder for value. Judgment of U. S. Circ. Ct., W. D. Missouri affirmed. *Ogden v. County of Daviess*. U. S. Supreme Court. Opinion by WAITE, C. J.

[Decided Jan. 24, 1881.]

BANK—LIEN ON MONEYS OF DEPOSITOR—DOES NOT APPLY TO TRUST MONEYS.—The rule that a bank has a general lien upon all moneys in its possession belonging to a depositor is a part of the law merchant and well established. It rests upon the principle that as the depositor is a debtor to the bank the moneys may be justly applied to pay such debt, and it also arises from the contract implied to exist from the relation of the parties and the operation of law. Mere possession is not enough, and the debt must have matured. Each of the parties must be a debtor to the other. *Jordan v. Shoe and Leather Bk.*, 74 N. Y. 472. The rule does not interfere with the rights of third parties where moneys may have become mingled with those belonging to the depositor, to assert and maintain a claim to the same while in possession of the bank. *Van Allen v. American Exch. Bk.*, 52 N. Y. 1. It must be made clear that the moneys deposited actually belong to the person from whom the account is due, to entitle the bank to apply them in payment of its demand. In this case the firm of R & C, in the course of their business, received various sums of money on account of captains of vessels, and on account of various freights of vessels, consigned to them, and deposited such moneys in their bank account. They became embarrassed in business, and in consequence thereof, and in order to keep the funds received by them from being attached by creditors, they caused an account to be opened by A in the defendant bank, and the moneys and checks received were deposited to the credit of A. These moneys, etc., were not actually the property of the firm, and they had no right or title to the same, and they were deposited solely for the benefit of the persons whose property they were. *Held*, that the defendant bank had no lien upon this deposit to satisfy a debt due it from the firm, and that A was entitled to claim the same against the bank. The rule that when moneys held in trust have been mingled with other moneys of the trustees, so as to be indistinguishable, that the *cestui que trust* cannot claim a specific lien upon the property or funds (*Ferris v. Van Vechten*, 73 N. Y. 113) has no application where the money is held in trust to pay certain creditors, and cannot be invoked to uphold defendant's claim to the fund in this case. That none of the creditors of the firm made any claim for the same would not aid defendant. Nor would it be an answer that A acted as agent of the persons entitled to the funds, in making the deposit, or that defendant had no notice of the facts. Judgment reversed and new trial ordered. *Falkland v. St. Nicholas National Bank*. New York Court of Appeals. Opinion by MILLER, J.

[Decided Feb. 11, 1881.]

UNITED STATES TREASURY COMPTROLLER'S DECISIONS.—Among recently published rulings of the First Comptroller of the United States Treasury, are the following :

1. A Treasury draft issued to Pierce, Park & Co. may, on proper evidence, be corrected in favor of Pearce, Park & Co.
2. When a claim originated in favor of a partnership firm, and before a draft issues for its payment some of the members die, it should issue to the survivors or survivor, described as such.

THE LAW OF SPECIAL DEPOSITS.

J. P. Treadwell v. the Bank of California.

SUPERIOR COURT OF CALIFORNIA.

The trial of the case of *J. P. Treadwell v. the Bank of California* began January 3rd, and thirty days' actual time were consumed in taking testimony and hearing arguments, over sixty witnesses having been examined. The action was brought to recover from the Bank of California certain stocks and bonds belonging to the plaintiff, which had been deposited with the bank. The box containing them was delivered to the bearer of an order, the same being now unknown. The value of the bonds and stocks was \$46,000, which, with interest, now aggregates \$52,420. The plaintiff alleges that he formerly did business with Donohue, Ralston & Co., and had on deposit in their bank the bonds and stocks in question. The bank mentioned agreed with him to safely keep said bonds against all risks and hazards and to return them on demand. In June, 1864, the firm with which this property was deposited having gone out of business, the box containing the bonds were turned over to the Bank of California, of which Ralston was cashier. The box containing the valuables was deposited there in consequence of an agreement made by Ralston the of same nature as that made in the case of the Bank of Donohue, Ralston & Co., viz.: that the bank would safely keep said bonds against all risks and hazards, and return them to the owner on demand. This contract was made in consequence of an agreement on the part of the plaintiff to transfer all his business to the Bank of California, which at once agreed to and did cash checks drawn upon Donohue, Ralston & Co.

In October, 1877, plaintiff made such demand, which was refused, the property in question having been previously delivered to W. B. Cooper (now in prison in England) on an alleged forged order. The defendant claims that no such contract was ever made by the bank. It acknowledges that it had the box in its possession, and kept it for the accommodation of the plaintiff without reward of any kind. It affirms that the box was delivered safely when demand was made for it, in July, 1876. The questions involved in the case embrace the genuineness of the order; the truth of the claim that an agreement of the character alleged was made; the power of a bank cashier to make such an agreement, and the liability of a bank for deposits of the kind in question.

THE JUDGE'S CHARGE TO THE JURY.

Judge Hunt charged the jury as follows, and gave very long instructions as asked for by each side:

It now becomes my duty to state to you the law applicable to this case in order to assist you in correctly applying it to the facts.

The testimony in this case, gentlemen, has been exceedingly voluminous, and owing to the length of time which the trial has occupied, it might have been impossible for you to have recalled it, had it not been for the able summing up of the respective counsel herein.

As you are well aware, the law constitutes you the sole judges of the weight, effect and value of evidence. The duty of the Court is to determine questions of the admissibility of evidence, but its sufficiency and weight are to be resolved solely by you. As incident to this duty you have the exclusive right of judging of the credibility of witnesses.

In civil cases the affirmative of the issue, which in this case is upon the plaintiff, must be proved; and when the evidence is contradictory, your decision must be in accordance with preponderance of evidence. In the latter case, however, it is your duty, if possible, so to reconcile the whole testimony as to make all speak the truth. But when testimony is so equally balanced that no

conclusion can be drawn from it, it is the duty of the jury to decide against the party who holds the affirmative of the issue.

Where there exists an irreconcilable conflict in the testimony of witnesses, regard must be had in determining which one was mistaken, to the capacity of the witnesses, their respective opportunities of knowing the facts to which they depose, and the nature of the facts deposed to, as calculated to impress themselves with more or less force upon the memory.

The only legal test of the sufficiency of evidence to establish a given fact is its sufficiency to satisfy the mind and conscience of the jury. There is no precise standard for the sufficiency of evidence to induce belief. That evidence, however, is deemed satisfactory which ordinarily produces moral certainty or conviction in an unprejudiced mind. Such evidence alone will justify a verdict.

Evidence is further classified as direct or indirect. Direct evidence is that which proves the fact in dispute directly, without an inference or presumption. Indirect evidence is that which tends to establish the fact in dispute by proving another fact.

A witness is presumed, by law, to speak the truth, but this presumption may be repelled by the manner in which he testifies, by the character of his testimony, or by evidence affecting his motives, or by contradictory evidence. And, as already stated, you are the exclusive judges of the credibility of witnesses. Your power, however, of judging of the effect of evidence is not arbitrary, but is to be exercised with legal discretion and in subordination with the rules of evidence. You are not bound to decide in conformity with the declarations of any number of witnesses which do not produce conviction in your minds, as against a lesser number, or as against a presumption, or other evidence, satisfying your minds. Evidence is to be estimated not only by its own intrinsic weight, but also according to the proof which it is in the power of the one side to produce, and of the other side to contradict.

Having thus preliminarily stated the general rules of evidence, we must now apply them to the subject matter in controversy.

A bailment is defined to be a delivery of goods in trust, upon a contract, expressed or implied, that the trust shall be faithfully executed by the bailee.

A deposit is usually defined to be "a naked bailment of goods to be kept for the bailor without reward and to be returned when he shall require it." Where the deposit is for a reward, it is termed a deposit for hire.

The Civil Code of this State classifies deposits into four branches: First—Voluntary. Second—Involuntary. Third—For safe keeping; and, fourth—For exchange.

A voluntary deposit is made by one giving to another, with his consent, the possession of personal property, to keep for the benefit of the former, or a third party. The person giving is called the depositor or bailor, and the person receiving the depositary or bailee.

A deposit for keeping is one in which the depositary is bound to return the identical thing deposited.

The legal responsibility of a bailee or depositary may be either narrowed or enlarged by special contract, which may vary the obligations between the parties created by law and alter their responsibility to a greater or less degree.

The obligations of a bailee, without reward, are two-fold: First—That he shall keep the thing deposited with reasonable care. Second—That he shall, upon request, restore it to the depositor—or otherwise deliver it according to the original trust.

If the bailee, or depositary, undertakes specially to keep the property safely, he is bound to the same care of it as a prudent man would exercise in taking care of his own property. A promise to keep *safely* means that the depositary shall use due diligence and care to prevent loss or accident, and there is no breach of faith or trust upon his part if, notwithstanding such care, the property is lost; anything more than this would amount to an insurance of the property, which cannot be presumed to be intended, unless there is an express agreement and adequate consideration therefor, because a promise to keep *safely* against all risks and hazards imports a liability to return the property in any, and all, events.

There are three questions to be considered in this case: First—Did the bank make any contract with the plaintiff? Second—If it did, what is the nature of that contract? Third—Whether it has been violated?

As heretofore stated, the plaintiff herein alleges that in October, 1864, he made a contract with the defendant whereby the latter promised to keep safely, against all risks and hazards, and return to the plaintiff on demand such bonds and securities belonging to him as he had then or should thereafter deposit in the bank. That in pursuance of such contract he did deposit with defendant a large amount of property, which the defendant, disregarding its said contract, failed to safely keep and deliver to the plaintiff.

The plaintiff claims that the contract in question was made by him with William C. Ralston, the then cashier of the Bank of California; and the first question for you to determine is, had Mr. Ralston power to bind the bank by such contract?

Secondly—Did he make such contract? and,

Thirdly, if he did make such contract, on whose behalf was it made?

These questions present for consideration the law relative to the general doctrine of agency and the powers of cashiers of banks.

An agent is "one who represents another called the principal, in dealings with third persons."

An agent has such authority as the principal actually, or ostensibly, confers upon him.

Actual authority is such as a principal intentionally confers upon the agent. Ostensible authority is such as a principal intentionally, or by want of ordinary care, causes a third person to believe the agent to possess.

An agency may be created, and an authority may be conferred by a prior authorization or a subsequent ratification. It may be established by proof of the relations of the parties—their habits and course of dealing—or it may be decided from the nature of the employment or the general usages of trade.

A principal is bound by the acts of his agent under a merely ostensible authority, to those persons, who have in good faith and without ordinary negligence, parted with value upon the faith thereof.

Corporations are liable for the acts of their servants while engaged in the business of their employment, in the same manner, and to the same extent, that individuals are liable under like circumstances. What a corporation may do by itself it may do by an agent.

At common law, a corporation had no capacity to appoint an agent except under its common seal. Now, however, no such rule prevails. The authority may be conferred by the corporation upon its agent either at a regular meeting of the Directors or by their separate assent, or by any other mode of their doing such acts.

Cashiers of banks are held out to the public as having authority to act according to the general usage, practice and course of such institutions.

The acts of a cashier or other officer of a bank, within the scope of such general usage, practice and course of business of banking institutions, is binding on the corporation in favor of third persons dealing with such officers in good faith and in ignorance at the time that they were transcending their authority.

The cashier is the executive officer of the bank through whom the money transactions of the bank are to be conducted.

Where an officer has the actual charge and management of the general business of a corporation with the knowledge of the Directors, this is sufficient evidence of authority, and the corporation will be bound by his contracts, made in its behalf within the apparent scope of the business entrusted to such officer. In other words, if its business is transacted by a general managing agent, who is suffered by its officers to exercise general authority in respect to such business, the corporation is bound by his acts, within the scope of the powers assumed by him, in the same manner as if expressly granted. In respect to the management of such business, such agent is the representative of the corporation, and may do, in the transaction of its *ordinary* affairs, what the corporation itself could do, within the scope of its powers.

All deposits made with bankers may be divided into two classes :

First—Those in which the bank becomes the bailee of the depositor, the title to the thing deposited remaining with the depositor, and

Second—Those deposits of money peculiar to banking business in which the depositor, for his own convenience, parts with the title to his money and loans it to the banker. In the latter case the ordinary relation of debtor and creditor exists between the bank and the depositor.

The statute under which the defendant was incorporated vested its corporate powers in a Board of Trustees, who were authorized to appoint such officers as the business of the corporation should require, and to define their powers and prescribe their duties.

Said corporation was empowered to make by-laws for the management of its property, the regulation of its affairs and the carrying on of all kinds of business within the objects and purposes of its incorporation.

The general control and government of the affairs of this bank rested with its Directors, in whom the governmental authority, as it is so termed, vested. This governmental power is the power of management of the business of the bank.

The question next presented, namely—did Mr. Ralston make the contract alleged—is a question for you to determine upon all the facts of this case.

If you should find from the evidence that in making such contract it was understood between the plaintiff and said Ralston that said contract should be binding upon Ralston individually, and not upon the bank, then the plaintiff would not be entitled to recover herein.

The term "*ultra vires*" which counsel have so frequently employed, means an act by a corporation not within the scope of its powers. When a contract is thus made its illegality cannot be set up against a party dealing with the corporation and knowing nothing of the unlawful purpose.

If the transaction is complete and nothing remains to be done by the party seeking relief, this defence is not available by a corporation in an action against it for non-performance of its side of the contract, and the corporation in such cases is estopped from denying its authority to make such contract.

The jury have rendered a verdict in favor of the plaintiff for \$ 52,000 and costs.



CONGRESSIONAL APPROPRIATIONS.—A statement showing the annual appropriations made by Congress for each fiscal year from 1873 to 1881, inclusive, has been prepared by the Treasury Department. The aggregate amount appropriated during the third session of the Forty-sixth Congress, for the fiscal year of 1882, exceeds \$ 177,000,000. This is more than \$ 6,000,000 greater than the appropriations made for any previous fiscal year. The next highest amount was appropriated for the fiscal year of 1879. The amounts in detail appropriated during the last session are as follows :

To supply deficiencies for the service of the various branches of the Government.....	\$ 5,095,155
Legislative, executive and judicial expenses.....	18,132,949
Sundry civil expenses.....	23,710,937
Support of the army.....	26,687,800
Support of the navy.....	14,566,037
Indian service.....	4,587,866
Rivers and harbors.....	11,441,300
Forts and fortifications.....	575,000
Support of Military Academy.....	322,435
Post Office Department.....	2,152,258
Invalid and other pensions.....	68,282,306
Consulate and diplomatic service.....	1,191,435
Miscellaneous.....	1,101,515

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. AMBIGUOUS CHECKS.

A check identical with the following, names and amount excepted, is forwarded us for collection and credit by a correspondent bank :

“TO THE FIRST NATIONAL BANK, HENDERSON, ILLS.

“Pay to the order of Mr. Sam'l T. Smith, \$ 225⁷⁰/₁₀₀ (two, twenty-five, ninety*).

(Signed) HENRY JOHNSON.

“SMITHSON Co., Ills., March 30, 1881.”

Is there any intermediate course between paying and protesting for non-payment, that can be legitimately pursued in dealing with it?

Am I put to the necessity of choosing as between these two courses only, or can I return without protest, for necessary corrections, or hold without protest (and without liability for damages for not protesting) until drawer can be conferred with and his meaning ascertained?

REPLY.—We understand from the inquiry that the bank which received the check for collection is the one also upon which the check was drawn. The question is not free from doubt, and is one upon which we have seen no judicial decision. Mr. Morse, in his work on *Banking*, expresses the opinion that, when a depositor draws an ambiguous check upon a bank he has no right to complain if the bank refuses to pay immediately, but takes time for inquiry and explanation. On the other hand, it is the duty of the holder, who presents a check for payment, to protest it or give immediate notice to the drawer and indorsers of nonpayment, or they will be discharged; and in this case the drawee of the check is also the holder for collection and under the same obligations. We think the law ought to be, that a reasonable delay for the purpose of inquiry, in a case of this kind, is not a dishonoring of the check, which will entitle the drawer and indorsers to require a protest and notice; for they ought to suffer the consequences of having put an ambiguous instrument in circulation with their names upon it. We are not certain, however, that this is the law, and, in the absence of some authoritative decision, we think the safer and better course is to protest the check and give notice, unless the bank is willing to take the risk of paying. It should be remembered that the bank owes no duty to pay, to any one but its depositor, and we think it is entitled to insist that he shall draw his checks so that they can be understood, before he can hold the bank liable for a breach of that duty. Whether the amount for which this particular check is drawn can be said to be uncertain, is not so clear, however it may have seemed to the inquirer, because it is perfectly well settled on the authorities that it was a check for two hundred twenty-five dollars and ninety cents. See *Daniel on Neg. Insts.*, § 86 and cases cited, with which possibly the inquirer was bound by law to be familiar.

* Both “hundred” and “dollars” omitted, and the word “ninety” used for 70.

II. THE LAW OF OFF-SET.

Can you pay a note held by a suspended bank with the suspended bank's paper when attached by creditors before or after maturity?

REPLY.—This inquiry is not very clearly stated, but we suppose a debtor of a suspended bank, who holds the bank's paper, has been garnished by a creditor of the bank, and wishes to set off, in the attachment proceedings, against his liability to the bank the bank's paper which he holds. The rights of the debtor are fixed at the date of the attachment. If he holds, at that time, paper of the suspended bank he may use it in set-off against his debt to the bank; but he cannot, after the attachment, buy up the paper of the bank at a discount or otherwise and use it to pay his debt with. *Morse on Banking*, 462. We answer upon the supposition that the attachment is made after maturity of the note. We do not understand how the attachment can be made before, unless there is some peculiar rule of law in the State where the questionarises.

III. THE RATE OF FOREIGN EXCHANGE.

Please explain the following phrase found in foreign bills: "Pay — pounds sterling at bankers' drawing rate of exchange for bills of such amount."

For instance, suppose such a bill should arrive at (say) Pawtucket, be accepted and mature. The holder and acceptor disagree as to the proper amount to be paid, and each insists upon his full legal rights. What would be a legal tender for such a draft, and if United States notes could be used, what would legally fix the price per pound? Could drafts drawn by New York bankers be legally used?

It is assumed that no bank in Pawtucket draws foreign bills, or if any did draw, how would it be if their price should differ ten or fifteen cents to the pound from that of New York bankers?

REPLY.—A bill drawn in England, upon this country, for pounds sterling, which is intended to be accepted and paid here, is not, strictly speaking, a negotiable instrument, because, at the place of payment, pounds sterling are not money but a mere commodity; and the acceptor, in performance of his contract, has a right to tender, in dollars, the value of the pounds sterling promised. When the bill is drawn for pounds, and no more is contained in it, then the acceptor has a right to convert the pounds into dollars, at the rate or par of exchange, which is established by law between the two countries. It is to avoid this consequence, that the above form of bill is used, and it is obviously a proper form to use when drawing against an indebtedness, which is payable in England. By it the rate, at which the pound shall be converted into dollars, is specified in the bill itself. This rate is the current rate, at the date and place of payment, at which a banker's bill on England for the same amount may be bought in the market; bills of exchange being the subject of purchase and sale, and bankers' bills and ordinary commercial bills having each a regular market price from day to day, like any other commodity. We think the market rate, at the place of payment, even if there is only one banker there who draws regularly, must govern. If there is no current rate for bankers' bills at the place of payment; in other words, if there is no banker drawing bills at that place and bankers' bills have no regular market value there, then the acceptor must resort to the current rate at the nearest convenient market, where bankers' bills are sold and have a regular market value. This would not necessarily be New York, and in this particular instance would

probably be Providence or Boston, though it would not be a matter of much consequence, as the New York rate practically regulates the others. We do not suppose that, in strictness, a bill drawn on England by a New York banker would be a good tender in performance of the acceptor's contract, because the holder has a right to have, and may prefer, the money.

We have answered this inquiry without reference to any general custom, which may have grown up at any particular place, of treating the "banker's drawing rate" as meaning the New York rate in all cases. We do not believe that such a custom prevails, for instance, in New Orleans, San Francisco Chicago, Baltimore, Philadelphia or Boston.

IV. SPECIAL DEPOSITS.

Referring to your article, March number, page 690, "Liability for Special Deposits," are we to understand that, should a customer leave a package or tin box to be placed in our vault, that we would become responsible for its contents in case of loss, the contents being unknown to us?

REPLY.—This inquiry comes to us from a private banker, and is not complicated by any question of power to make itself responsible for a special deposit, which is much discussed in cases of corporations. The law upon the subject is thus stated in *Morse on Banking*: A special deposit is "a naked bailment, and the bank is bound only to keep the property with the same care with which it keeps its own property of the like description. It is responsible only for gross negligence like any other bailee without reward." In other words, the depositor can only make the banker responsible by showing that he has been guilty of some negligence in his custody of the property. We do not suppose it makes any difference that the contents of the package or tin box may be unknown to the banker, provided there is no misrepresentation upon this point. If he will receive a valuable package, not knowing what it contains, and then negligently suffers it to be lost, he should bear the consequences.

V. MARRIED WOMAN AS INDORSER IN NEW JERSEY.

The laws of New Jersey say that a married woman cannot charge her separate estate as surety. Does this apply to all cases? Suppose I hold a note that had been given to a married woman for money the maker of note owed her, can I hold her as indorser in case the maker failed to pay the note?

REPLY.—The Revised Laws of New Jersey say that any married woman may bind herself by contract "in the same manner and to the same extent as though she were unmarried; which contracts shall be legal and obligatory, and may be enforced at law or in equity, by or against such married woman, in her own name, apart from her husband; provided, that nothing herein shall enable such married woman to become an accommodation indorser, guarantor, or surety, nor shall she be liable on any promise to pay the debt, or answer for the default or liability of any other person." We think the case stated in the inquiry is not within the above proviso, and that the married woman is bound by her indorsement. She was not an accommodation indorser. On the contrary, she received a consideration for her indorsement; and so her case is within the apparent purpose of the statute, which is that a married woman shall not be bound unless she herself receives a full consideration for the obligations which she gives.

VI. RESTRICTIVE AND STAMPED INDORSEMENTS.

A passes to B in settlement of his account his check on the First National Bank, payable to B's order. B, who keeps his account in the Second National Bank, stamps on the back of said check the following words :

*For deposit only
to the credit of
B
in Second National Bank.*

and deposits it in Second National Bank. It is well understood that if B desired to draw the money from the First National Bank he would have to indorse the check; but in depositing it with the stamped indorsement in Second National Bank, it is claimed that the protection both to the payee of the check, and to the First National Bank, is complete, for the reasons :

1st. That no one but Second National Bank could collect the amount of the First National Bank on such indorsement.

2nd. That the Second National Bank is evidence that they did receive the money for B regularly through the Clearing House, and it was passed to his credit on their books.

This mode of indorsement has been objected to by several banks, who require an autograph signature, while others prefer the printed indorsement as being the greatest protection from forged indorsements or altered checks.

REPLY.—The claim made with reference to this form of indorsement is entirely correct. It is what is called in law a restrictive indorsement, and its effect is, to make the Second National Bank the sole agent for B to collect the check from the First National Bank. In other words, it is an order from B to pay the check to his agent, and of course the First National Bank is perfectly protected, if it pays to the agent in obedience to the indorsement. And the evidence of payment to the Second National Bank is easily preserved, especially if it is made through the Clearing House. B also is perfectly protected, because no one but the Second National Bank is authorized to collect the check, and that bank is to collect it for but one purpose, viz., as a deposit to the credit of B. The use of these indorsements has increased of late years, and is evidently intended to obviate the danger of loss, which may arise in the ordinary course of business, until a check is safely deposited in the usual channels of collection. They are our substitute for the practice of "crossing" checks which prevails in England, and which we have described in the pages of this magazine. Another indorsement of this character is in common use, viz., "For deposit B," the effect of which we suppose to be, though we know of no decision on the point, to restrict the payment of the check to some bank or banker, who may be supposed to receive and keep deposits. And between such an indorsement and that contained in the inquiry, there seems to be the same difference, as there is in England, between writing across the face of a check the word "Banker" and writing the name of some particular bank or banker.

As to the stamping of the indorsement, it is now perfectly well settled that a stamped or printed indorsement is equally valid with a written one. The only possible difference between them may be a small difference in the way in which they must be proved in case of dispute.

INDORSEMENT AND PAYMENT OF TREASURY DRAFTS AND POST-OFFICE DEPARTMENT WARRANTS.

TREASURY OF THE UNITED STATES,
WASHINGTON, D. C., April 6, 1881. }

Treasury drafts and Post-Office warrants must not be paid until the indorsements conform to the following regulations :

1. The name of the payee, as indorsed, must correspond in spelling with that on the face of the draft ; no guarantee of an indorsement, imperfect in itself, can be accepted. If the name of a payee as written on the face of a draft is spelled incorrectly, the draft should be returned to the Treasurer United States for correction.

2. Indorsements by mark (X) must be witnessed by two persons who can write, giving their places of residence.

3. Indorsements by executors, administrators, guardians, or other fiduciaries, must be accompanied by certified copies, under seal, of letters testamentary, letters of administration, of guardianship, or other evidence or fiduciary character, as the case may be.

4. Payees and indorsees must indorse by their own hands ; officials, officially with full title ; firms, the usual firm signature by a member of the firm, not by a clerk or other person for the firm.

5. Every indorsement must be by the proper written (not printed) signature of the person whose indorsement is required.

6. Powers of attorney for the indorsement of drafts in payment of claims must state the number, date and amount of draft, and number and kind of warrant, and be dated subsequently to the date of the drafts ; must be witnessed by two persons, and must be acknowledged by the constituent before the Treasurer of the United States or an Assistant Treasurer, a Judge or Clerk of a District Court of the United States, a Collector of Customs, a Notary Public under his seal, or a Justice of the Peace in those States only in which such Justice has authority to take acknowledgments of deeds, or commissioner of deeds ; if before either of the two latter, the certificate and seal of the county clerk as to the official character and signature of the Justice or Commissioner is required. If executed in a foreign country, the acknowledgment must be made before a Notary Public, with his seal attached, or a United States Consul or Minister. The officer taking the acknowledgment must certify that the letter of attorney was read and fully explained to the constituent at the time of acknowledgment, and that said constituent is personally well known to him to be the identical person named in and who subscribed his name to said power of attorney. (See Revised Statutes, Secs. 1,778 and 3,477.)

7. Evidence of authority to indorse for incorporated or unincorporated companies must accompany drafts drawn or indorsed to the order of such companies or associations. Such evidence should be in the form of an extract from the by-laws or records of the company or association, showing the authority of the officer to indorse and receive and receipt for moneys for the company, and giving his name and the date of his election or appointment, which extract must be verified by a certificate under seal signed by the President and Secretary or by one of these officers and not less than two of the Directors ; which certificate must state that such authority remains unrevoked and unchanged. If the company have no seal, the extract should be certified as correct by a Notary Public or other competent officer under his seal. When a resolution is adopted at a special meeting of directors, it must be shown that all had notice of the time and place of such meeting, and that a quorum assented to the resolution.

8. The indorsement of all the joint holders or co-trustees, executors, administrators, guardians, or other fiduciaries will be required on drafts, and in the execution of a power to a third party to collect, all must join. In case of the death of either, the survivors will be recognized as having full authority, upon due proof of such death and survivorship.

JAS. GILFILLAN, *Treasurer United States.*

Approved, April 6, 1881 :

WILLIAM LAWRENCE, *Comptroller.*

Approved : WILLIAM WINDOM, *Secretary of the Treasury.*

CALLS OF THE SIX-PER-CENT. AND OREGON WAR-DEBT BONDS.

The following is the text of the one hundred and second call for bonds :

TREASURY DEPARTMENT,
WASHINGTON, D. C., April 11, 1881. }

By virtue of the authority conferred by law upon the Secretary of the Treasury, notice is hereby given that the principal and accrued interest of the bonds hereinbelow designated, will be paid at the Treasury of the United States, in the City of Washington, D. C., on the 1st day of July, 1881, and that the interest on said bonds will cease on that day ; provided, however, that in case any of the holders of the said bonds shall request to have their bonds continued during the pleasure of the Government, with interest at the rate of three and one-half per cent. per annum, in lieu of their payment at the date above specified, such will be granted if the bonds are received by the Secretary of the Treasury, for that purpose, on or before the 10th day of May, 1881, viz. :

Six-per-cent. bonds, Acts of July 17 and August 5, 1861—Coupon bonds, \$ 30,706,050 ; registered bonds, \$ 109,838,690 ; total, \$ 140,544,650. Six-per-cent. bonds of the Act of March 3, 1863—Coupon bonds, \$ 9,545,500 ; registered bonds, \$ 45,600,250 ; total, \$ 55,145,750. Aggregating \$ 195,690,400, and being the entire amount issued under the above mentioned Acts which remains outstanding. The request above mentioned should be in form substantially as herewith prescribed ; and upon the surrender of the bonds with such request, the Secretary of the Treasury will return to the owners registered bonds of the same loan, with the fact that such bonds are continued during the pleasure of the Government, with interest at the rate of three and one-half per cent. per annum, stamped upon them in accordance with this note.

Upon the receipt of bonds to be continued as above provided, the interest thereon to July 1, 1881, will be prepared at the rate the bonds now bear, and after that day the semi-annual payments of interest on the continued bonds will be made by checks from the Department, as in the case of other registered loans. All bonds, whether intended for payment or to be continued, should be forwarded to the "Secretary of the Treasury, Loan Division," with a letter of transmission setting forth the purpose for which they are transmitted, and if to be continued, they must also be accompanied by the request above referred to.

Registered bonds for redemption, or to be continued, should be assigned to the Secretary of the Treasury for redemption or continuance, as the case may be, and when parties desire checks, in payment of registered, bonds to be drawn to the order of any one but the payee, they should assign them to the "Secretary of the Treasury, for redemption on account of (here insert name or names of person to whose order the check is to be made payable)." The Department will pay no expense of transportation on bonds received under the provisions of this circular, but the bonds returned will be sent by prepaid registered mail, unless the owners otherwise direct. (Signed)

WILLIAM WINDOM, *Secretary.*

The following is the form of the request for continuance of bonds :

(Date) _____

To the Secretary of the Treasury :

Under the terms of the circular No. 42, issued by the Secretary of the Treasury, April 11, 1881, the undersigned, owner of the below described United States six-per-cent. bonds, hereby requests that their payment be deferred, and that they be continued during the pleasure of the Government, to bear interest at the rate of three and one-half per cent. per annum, from July 1, 1881, as provided in said circular, and in consideration of such continuance, the undersigned hereby waives all right to or claim for, any interest on said bonds in excess of three and one-half per cent. per annum, on and after said date of July 1, 1881.

(Here describe the bonds, stating whether registered or coupon, giving date of authorizing Act, denomination, serial numbers, and accounts.)

(Signature and post-office address.)

NOTE.—In case the above request is signed by an officer of a bank or other corporation, it should be accompanied by the usual resolution authorizing such officer to act for the institution.

The form of request, prepared in blank for use, will be furnished on application to the Secretary of the Treasury.

The following is the circular relative to the payment of United States six-per-cent. bonds, Act of March 2, 1861 ("Oregon War Debt") :

WASHINGTON, D. C., April 11, 1881.

Notice is hereby given to the holders of United States six-per-cent. bonds issued under the Act of March 2, 1861, and commonly known as the "Oregon War Debt," that said bonds, with the accrued interest thereon, will be paid at this Department on July 1, 1881, and that the interest on said bonds will cease on that day. These bonds are in denominations of \$50, \$100 and \$500, and bear the inscription "Oregon War Debt." All bonds forwarded for redemption, should be addressed to the "Secretary of the Treasury, Loan Division, Washington, D. C.," and should be assigned to the "Secretary of the Treasury, for redemption." Where parties desire checks in payment for bonds drawn to order of any one but the payee, they should assign them to the "Secretary of the Treasury, for redemption for account of _____." (Here insert name of person or persons to whose order the check should be made payable.) (Signed) WILLIAM WINDOM, *Secretary.*

* GEORGIA.—The Citizens' Bank of Georgia, at Atlanta, suspended business on the morning of April 13th. This bank was the largest of the State depositories. The cause of its failure was the number of debts for which property instead of money had to be taken. This property could not be converted into cash.

A recent Court decision gives the State priority in the settlement of bank claims; this had the effect of alarming the depositors, who made a rush and found the bank closed. An assignment has been made. It is thought the loss will not be severe. The Attorney-General claims that the State is a preferred creditor and can move without formality. This decision has had the result of closing the Bank of Rome. A State deposit is now an injury to a bank in Georgia. The State of Georgia had over \$100,000 deposited in the Citizens' Bank, for \$50,000 of which it was secured. The liabilities are reported at \$601,000, and the nominal assets \$674,000, from which it is thought that \$450,000 can be realized.

BANKING AND FINANCIAL ITEMS.

THE TREASURY held on April 23 \$354,403,000 in United States bonds to secure bank circulation. These bonds are divided as follows: Currency sixes, \$3,836,000; six per cents, \$44,971,850; five per cents, \$168,131,700; four and one-half per cents, \$34,806,550; four per cents, 102,656,900. United States bonds deposited for circulation during the week ending to-day, \$2,594,000. United States bonds held for circulation withdrawn during the week ending to-day, \$2,057,000. United States bonds held by the Treasurer to secure public moneys in National-bank depositories are as follows: Currency sixes, \$33,000; six per cents, \$1,758,000; five per cents, \$5,366,400; four and one-half per cents, \$997,500; four per cents, \$7,055,600. National-bank circulation outstanding: Currency notes, \$351,288,270; gold notes, \$1,115,575.

SAN FRANCISCO BONDS.—A dispatch dated San Francisco, April 1, says: "In the Superior Court to-day, in the case of Lent against the tax collector, to enjoin the collection of taxes for the payment of the interest and sinking fund of the bonds issued to pay the cost of widening Dupont Street, Judge Edmunds rendered a decision declaring the Act of the Legislature authorizing the issue of the bonds unconstitutional. It is understood that the bonds are mostly held in Germany. An appeal will be taken to the Supreme Court.

During the first quarter of 1881, there were recorded in San Francisco real estate mortgages for \$2,546,016. During the same time there were released mortgages for \$3,156,200.

DELAWARE.—The State of Delaware has authorized a refunding loan amounting to \$715,000, bearing interest at the rate of four per cent., redeemable in 1882, 1886 and 1891, and payable in 1886, 1891 and 1901.

CHICAGO.—The vacant Cashiership of the Hide & Leather Bank has been filled by the appointment of Mr. H. M. Kingman, for many years Cashier of the Commercial National Bank of Dubuque, Iowa. Mr. Kingman is a banker of marked ability and of conservative training, under whose attention the bank which has secured his services will be likely to grow and prosper.

KANSAS.—C. C. Nelson, President of the Neosho County Bank, at Osage Mission, is reported to have absconded suddenly about the middle of April, and the bank has been attached. Nelson is supposed to have taken a considerable sum of money. He has ruined a number of worthy citizens of Neosho County.

MINNESOTA.—The St. Paul *Pioneer Press*, of March 25, says that over \$2,000,000 of the \$2,275,000 outstanding Minnesota State railroad bonds have been deposited in the State Auditor's office, or in St. Paul banks, including those on their way, of whose transmission by mail notice has been received.

ST. LOUIS.—The Laclede Bank has secured the valuable services of Mr. E. A. Meysenburg as their Cashier. Mr. Meysenburg organized, in 1873, the German-American Bank, and as its Cashier brought this bank into a condition of gratifying prosperity. His promotion to a larger sphere of usefulness augurs well for himself and for the prominent and prosperous bank with which he is now connected.

NEW JERSEY.—The tax-payers desire to settle the debt of the City of Elizabeth on the following basis, the debt being assumed in full; interest at one per cent. for the first five years, at two per cent. for the next ten years, at three per cent. for the next ten years, and at four per cent. for the next twenty-five years.

NEW YORK.—The State Engineer's annual report on railroads was received in the Assembly on April 13th. The report shows that during the past year sixty-six new corporations were organized, the largest number for twelve months in the history of the State, the nearest approach to it being in 1861, when sixty-one were organized. A great impetus has been given to seaside roads. Last year the New York and Manhattan railroad carried 1,225,597 passengers; the Brooklyn, Bath and Coney Island railroad 290,702, and the New York and Sea Beach railroad 389,000. During the same period the horse railways of New York carried 165,000,000 passengers, earning \$7,720,000. The elevated roads carried 61,000,000 passengers, earning \$4,575,000, showing that the earnings of the elevated roads were much the largest in the proportion of passengers carried. The report shows the capital stock of the different roads as follows: Paid-up capital of the steam roads in 1879, \$437,514,237.35; in 1880, \$516,934,587.91. Of the horse roads in 1879, \$24,066,245.35; in 1880, \$24,702,857.94.

The funded debt of the steam roads in 1879 was \$351,088,450.45; in 1880, \$361,270,474.59; and the unfunded debt, 1879, \$22,056,544.27; 1880, \$27,302,156.22. The total debt in 1879 was \$373,144,994.72; 1880, \$388,572,630.81.

TENNESSEE.—On April 5th the Senate of Tennessee agreed to a bill, passed by the House, to refund the State debt in full (including arrearages of interest), reported to aggregate about \$27,000,000, in three-per-cent. bonds on one hundred years, but redeemable earlier at the option of the State. The coupons are made receivable for taxes. The bill was signed by the Governor on the same day, and the Legislature subsequently passed the necessary bills to provide for the interest. This adjustment is received with approval by the holders of the bonds, and it is thought may tend to influence some other States (now in default) to make satisfactory arrangements with their creditors.

SUNDAY LAW.—In the Supreme Court of Wisconsin, Judge Cassoday recently decided that a loan of money and a contract to repay the same, made on Sunday, is "business" within the meaning of the statute, and is therefore presumptively illegal.

THE AMERICAN RAPID TELEGRAPH COMPANY, at a meeting of stockholders on March 9, voted to increase its capital stock to \$10,000,000, and to extend its lines to the principal cities in the United States. The directors, at a subsequent meeting, requested the Treasurer to offer the \$6,000,000 of increased stock to stockholders of record of the 15th March, pro rata at par, the right to expire on the 25th. They also authorized the president and executive committee to make contracts for extension at once.

MISCELLANEOUS.—The capital invested in the iron and steel industries in the United States was \$121,772,074 in 1870, and \$230,971,884 in 1880.

A suit was entered April 9, in the United States Circuit Court, at San Francisco, by the United States Government against the Central Pacific Railway Company, to recover \$204,187 arrearages of income taxes alleged to be due.

On the 9th of April, Judge Hare pronounced a decision at Philadelphia, in favor of the validity of the election of the McCalmont or anti-Gowan li of Directors of the Reading Railroad. But the road is still in the hands of three receivers, of whom Mr. Gowan is one, and may remain there a good while yet. An appeal from Judge Hare's decision to the Pennsylvania Supreme Court has been taken. The McCalmont party in the mean time, are reported to be engaged in a plan to have the road sold out on the first mortgage, but the receivers count upon being able to prevent this by paying the interest on that mortgage.

In the case of the Turkish Consul-General at New York against the Winchester Repeating Arms Company, the United States Supreme Court has decided that the Consul's contract for a ten-per-cent. commission on \$1,360,000 of arms purchased for the Turkish Government is, in contemplation of law, corrupt and not enforceable.

The \$10,000,000 loan of the Atlantic and Pacific road, for the Western extension across New Mexico and Arizona, on or near the thirty-fifth parallel of latitude, was promptly subscribed for in the early part of April, and the work is being vigorously pushed.

The Hudson River Tunnel Company are prosecuting their enterprise with great energy and success. They have created \$10,000,000 of first-mortgage construction bonds, which, they think, will be sufficient to complete the tunnel.

During February, the number of immigrants arriving in this country was 15,075, of whom 5,292 were Germans.

The following is the official statement of the cotton piece goods of all kinds exported from Great Britain during each of the last three years:

	Yards.	Value.
1879.....	3,618,665,700	£48,104,428
1879.....	3,724,648,800	46,875,068
1880.....	4,496,343,500	57,678,619

The Mark Lane *Express*, of April 25, exults over the large arrivals of wheat from Germany, Russia and India, and says that "America is a long way yet from obtaining a monopoly."

Canada has decided to encourage the beet-sugar production, by an exemption from excise duty for eight years.

At the end of the year 1880, the City of Winnipeg (Dominion of Canada), owed debts amounting to \$474,690, of which \$249,660 was on bonds irredeemable for thirteen years and bearing an interest of nine and a-half per cent.

The gold-bond debt of Hungary has been rapidly increased within three or four years, and amounts now to 400 million florins, or nearly \$200,000,000, and carries six per cent. interest.

To the end of January the new German coinage amounted to 1,748,999,265 marks of gold, and 427,087,294 marks of subsidiary silver, four marks being equal to one dollar.

The subsidiary silver coinage of Germany is fixed by law at ten marks per head. Bismarck has recently announced that the increased numbers shown by the census of December, 1880, will require an increase of fifteen million marks in this coinage, or \$3,750,000, which will be supplied from the silver bars which the Government has on hand.

The coinage of the Austro-Hungarian mints during the year 1880 was on a very limited scale, being about \$2,000,000 of silver and rather less than half as much of gold.

Towards the cost of the Afghan War, estimated at £19,500,000, including the expenditures on a military railroad, the British Ministry propose that the Imperial Government shall contribute £5,000,000, of which £2,000,000 has been already advanced in the shape of a loan to India, without interest, which debt is to be remitted.

During the year ended December 31, 1880, the money orders issued in the United States for payment in the United Kingdom of Great Britain and Ireland amounted to £400,205, or about \$2,000,000. The orders issued in the United Kingdom upon the United States during the same period aggregated £71,457, or about \$350,000.

The operatives in the woolen manufactories of Bradford (Eng.) are coming to this country in large numbers, and some of the manufacturers propose to follow them with their capital and machinery, to be employed here.

The yield of gold in Victoria in 1880 was 812,092 ounces, being a little more than in 1879, but only about half what it was in 1866.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from April No., page 824.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2513	Merchants' National Bank.. Nashville, TENN.	Thomas Plater.....	\$ 300,000	\$ 150,000
2514	Red River Valley Nat'l B'k... Fargo, DAKOTA.	L. S. Follett..... L. W. Follett.	100,000	100,000
2515	Ephrata National Bank.... Ephrata, PENN.	William Z. Semer..... H. J. Meixell.	75,000	75,000
2516	Merchants' National Bank.. Defiance, OHIO.	William C. Holgate..... Benjamin L. Abell.	100,000	100,000
2517	First National Bank..... Greenwich, N. Y.	Erastus D. Culver..... Samuel W. Bailey.	50,000	50,000
2518	Laramie National Bank.... Laramie City, WYOM.	Henry G. Balch..... John W. Donnellan.	75,000	75,000
2519	Ricker National Bank..... Quincy, ILL.	Isaac Lesem..... Henry F. J. Ricker.	200,000	100,000
2520	First National Bank..... Dayton, WASH. TERR.	L. W. Wallace..... John Berry.	50,000	50,000
2521	State National Bank..... El Paso, TEXAS.	Charles R. Morehead..... William H. Austin.	55,000	55,000

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from April No., page 823.)

Bank and Place.	Elected.	In place of
NEW YORK CITY. Third National Bank.	George L. Hutchings, <i>Cas.</i>	C. N. Jordan.
CAL.... Los Angeles County Bank.....	H. L. Macneil, <i>Cas.</i>	J. M. Elliott.
COL.... First National Bank, Leadville.	S. N. Dwight, <i>Cas.</i>	J. W. Zollars.
CONN .. Hartford Trust Co., Hartford..	William Faxon, <i>Pr.</i>	R. W. Farmer.
" .. First National Bank, Meriden..	John D. Billard, <i>Pr.</i>	J. H. Guy.*
" .. Middlesex County Nat'l Bank, { Middletown }	George W. Burr, <i>Pr.</i>	J. H. Guy.*
" .. Shetucket Nat'l B'k, Norwich..	Charles Webb, <i>Pr.</i>	C. Osgood.
DEL.... Brch. Farmers' B'k, New Castle.	R. G. Cooper, <i>Cas.</i>	C. Kimmey.
ILL.... Hide & Leather Nat'l Bank, { Chicago }	H. M. Kingman, <i>Cas.</i>	B. L. Smith.
IND First Nat'l Bank, Indianapolis..	A. D. Lynch, <i>Pr.</i>	W. H. Morrison.*
IOWA... Monroe County Bank, Albia....	Lewis Miller, <i>Pr.</i>	J. A. Edwards.
" .. Poweshiek Co. Bank, Brooklyn.	O. F. Dorrance, <i>Cas.</i>	.....
" .. Merchants' N. B., Cedar Rapids.	Charles E. Putnam, <i>Cas.</i>	C. H. Clark, <i>Act'g.</i>
" .. First Nat'l Bank, Centerville...	W. Evans, <i>Cas.</i>	J. R. Hays.
" .. First Nat'l Bank, Shenandoah..	A. J. Crose, <i>Cas.</i> , resigned and retired.	.....
KANSAS. Merchants' Bank, Lawrence..	George W. E. Griffith, <i>Pr.</i>	J. B. Watkins.
	R. G. Jamison, <i>Cas.</i>	G. W. E. Griffith.
KY.... Third Nat'l Bank, Louisville.	J. H. Wrampelmeier, <i>Pr.</i>	J. Von Borries.
	H. W. Reese, <i>V. P.</i>	J. H. Wrampelmeier
MASS... Clearing House, Lowell.....	Charles M. Williams, <i>Ch'n</i>	J. F. Kimball.
	Edward K. Perley, <i>Mgr.</i>	C. M. Williams.
MICH... Muskegon Nat'l B'k, Muskegon.	Frank Wood, <i>Cas.</i>	W. B. McLaug hlin-
" .. First National Bank, Owosso...	C. E. Hershey, <i>Cas.</i>	.....
MINN... First National Bank, Lake City.	C. F. Young, <i>Pr.</i>	M. A. Baldwin.

* Deceased.

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
MO.....	Biddle Market Savings Bank, St. Louis }	F. Koch, <i>Cas</i>	J. Dierberger.
N. J....	Merchants' Nat'l B'k, Newark..	Edward Kanouse, <i>Pr</i> ...	J. M. Durand.
" ..	First Nat'l Bank, Washington..	Aurelius J. Swayze, <i>Pr</i> ...	J. A. Swayze.
N. Y....	First Nat'l Bank, Brockport....	George C. Gordon, <i>Pr</i> ...	L. Gordon.*
" ..	First Nat'l Bank, Cooperstown..	Theo. C. Turner, <i>Acting Cas.</i>	F. L. Palmer.
" ..	City Bank, Rochester.....	Charles E. Upton, <i>Pr</i> ...	E. M. Parsons.*
" ..	Union National Bank, Troy....	Henry Barnard, <i>Cas</i>	C. E. Upton.
OHIO...	First National Bank, Kenton...	William Gurley, <i>Pr</i>	H. Smith.
PENN...	First National Bank, Lebanon..	James Young, <i>Pr</i>	J. Paulucci.
" ..	Lebanon Nat'l Bank, " ..	Arthur Brock, <i>Pr</i>	H. Brock.
" ..	Mt. Carmel Savings Bank.....	James M. Gossler, <i>Cas</i> ...	E. A. Uhler.
TEXAS..	First National Bank, Denison..	William Schwenk, <i>Cas</i> ...	H. J. Meixell.
VT.....	First National Bank, Chelsea...	F. H. Adams, <i>Cas</i>	E. Percy, <i>Acting</i> .
		Smyth Ely, <i>Pr</i>	E. Hyde.

* Deceased.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from April No., page 825.)

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
DAKOTA	Fargo.....	Red River Valley Nat'l B'k. Lewis S. Follett, <i>Pr.</i>	First National Bank. Lewis W. Follett, <i>Cas.</i>
ILL....	Quincy.....	Ricker National Bank..... Isaac Lessem, <i>Pr.</i>	First National Bank. Hy. F. J. Ricker, <i>Cas.</i>
INDIANA	North Vernon..	Jennings Co. B'k (Chas. E. Cook, <i>Cas.</i>)	Chase Nat'l Bank.
KANSAS	Havensville....	Havensville Bank..... Charles N. Points, <i>Pr.</i>	Donnell, Lawson & Simpson. F. M. Wilson, <i>Cas.</i>
" ..	Kingman.....	Gossord Brothers & Co....	Donnell, Lawson & Simpson.
" ..	Onaga.....	A. E. Landon.....	Kountze Brothers.
" ..	White Cloud...	Springer & Noyes.....	Donnell, Lawson & Simpson. Annie M. King, <i>Cas.</i>
MD....	Baltimore.....	Ramsay, Clabaugh & Co..	Whitehouse & Co.
" ..	" ..	Smith, Cox & Co	Hallgarten & Co.
MICH...	Centreville....	A. E. Wolf.....	Chase National Bank.
MO.....	Clarence.....	Holzclaw & Goskill .....	.....
" ..	Golden City...	Aldrich, Niles & Co.....	Kountze Brothers.
N. Y....	Greenwich.....	First National Bank..... Erastus D. Culver, <i>Pr.</i>	..... Samuel W. Bailey, <i>Cas.</i>
OHIO...	Defiance.....	Merchants' National Bank. William C. Holgate, <i>Pr.</i>	First National Bank. Benjamin L. Abell, <i>Cas.</i>
PENN...	Ephrata.....	Ephrata National Bank... William Z. Sener, <i>Pr.</i>	United States National Bank. H. J. Meixell, <i>Cas.</i>
TENN..	Nashville.....	Merchants' National Bank. Thomas Plater, <i>Pr.</i>	Hanover National Bank. W. F. Bang, Jr., <i>Cas.</i>
TEXAS..	El Paso.....	State National Bank..... Charles P. Morehead, <i>Pr.</i>	..... William H. Austin, <i>Cas.</i>
WASH. T...	Dayton.....	First National Bank..... L. W. Wallace, <i>Pr.</i>	..... John Berry, <i>Cas.</i>
WYO. T.	Laramie City...	Laramie National Bank... Henry G. Balch, <i>Pr.</i>	..... John W. Donnellan, <i>Cas.</i>

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from April No., page 824.)

- COL.... South Arkansas Bain & Robertson (Chaffee County Bank); sold to Dewalt, Hartzell & Co. (Bank of South Arkansas.)
- CONN... Wolcottville... Name of Post Office changed to Torrington.
- DAKOTA Sioux Falls.... Easton & McKinney; incorporated March 7, as Easton, McKinney & Scougal.
- GA.... Atlanta..... Citizens' Bank; failed.
- ILL.... Camp Point... Bailey & Seaton; now Seaton & Wallace.
- " .. Georgetown... Citizens' Bank; Elam Henderson, deceased. Continued by W. F. Henderson and Titus Bennett, *Executors*.
- " .. Quincy..... H. F. J. Ricker; succeeded by Ricker National Bank.
- IND.... Vevay..... First National Bank; capital reduced from \$100,000 to \$50,000. Surplus, \$20,000.
- IOWA... Blanchard..... Page County Bank; removed to Shenandoah.
- KANSAS Fort Scott..... Bourbon County Bank; attached. President absconded.
- MASS... Boston..... G. Edward Smith & Co.; dissolved.
- MICH... Ludington..... Mason County Bank; discontinued.
- MINN... Murdock..... Farmers and Merchants' Bank; H. A. Boardman retires. Firm now Andrus & Holdridge.
- MISS... Aberdeen..... Spratt & French; assigned.
- NEB.... Harvard..... L. A. Payne; now L. A. Payne & Co. W. H. McBride and J. R. Penfield being associates.
- " .. Tekamah..... Burt County Bank (Latta & Benedict); dissolved.
- N. Y... Gowanda..... Gowanda Bank (J. S. Bartlett); succeeded by Bank of Gowanda. H. N. Hooker, *Pr.* W. H. Bard, *Cas.*
- " .. Wappingers F's W. Henry Reese; will close May 3. Removing to N. Y. City.
- OHIO... Defiance..... Defiance Sav. B'k; now Merchants' Nat'l B'k. Same officers.
- OREGON Corvallis..... W. B. Hamilton & Co.; now Hamilton, Job & Co.
- PENN... Philadelphia... Cassatt & Co.; now Cassatt, Dick & Co. F. A. and E. R. Dick being admitted.
- " .. Hazleton..... Pardee, Markle & Grier; now Pardee & Markle.
- S. C.... Charleston..... James Adger & Co.; resumed business.

OBITUARY.

Mr. ALVIN B. DANIELS, one of the most prominent bankers in Colorado, died suddenly at Denver, on the evening of April 9th. Mr. Daniels came to Colorado in 1859 from Iowa, to which State he removed from New York. He was for several years engaged in milling, freighting and mercantile business.

In February, 1869, he became a director in the Colorado National Bank, and its vice-president in 1876, which office he held at the date of his death. He was also a partner in the banks of Daniels, Brown & Co. at Durango and Alamosa. Mr. Daniels was largely interested in railroads. He leaves a property estimated at over \$500,000. His honor and integrity were eminent, his word was his bond, and even in the smallest matters was regarded as certainty itself.

Mr. PHILO S. VAN HOUTEN, Cashier of the Wayne County National Bank, and for thirty years connected with that institution, died in Wooster, Ohio, on the evening of April 9th. He had been at his post in the bank all day, at work as usual, and apparently in perfect health, when, in the evening, he fell from his chair and expired.

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, 1880.	Dividend			Stock Quot. †	
		April, 1880.	Oct., 1880.	April, 1881.	Sept., 1880.	Mar. 29, 1881.
Atlantic National	\$ 750,000	4	4	4	151	157
Atlas National	1,500,000	3	3	3	125	130
Blackstone National	1,500,000	2	2½	2½	110	118
Blue Hill National	200,000	3½	3	3	104	111
Boston National	1,000,000	3	3	3	112	125
Boston (old) National	900,000	3	2	2	63	64
Boylston National	700,000	2½	2½	2½	115	125
Broadway National	200,000	2	2	2	95	95
Bunker Hill National	500,000	4	4	4	160	165
Central National	500,000	3	3	3	108	120
Columbian National	1,000,000	4	4	3	147	150
Continental National	1,000,000	2½	3	3	109	123
Eliot National	1,000,000	2½	2½	3	117	125
Everett National	400,000	2½	2½	2½	112	115
Faneuil Hall National	1,000,000	3	3	3	129	132
First National	1,000,000	5	5	5	200	209
First Ward National	250,000	3	3	3	103	105
Fourth National	200,000	2½	2½	2½	102	107
Freeman's National	800,000	3	3	3	117	125
Globe National	1,000,000	2	2	2	109	113
Hamilton National	750,000	2	3	2	123	123
Howard National	1,000,000	3	3	3	117	129
Manufacturers' National	500,000	2½	2½	2½	102	110
Market National	800,000	2	2	2	104	111
Massachusetts National, par \$ 250.	32,000 shs	\$6	\$6	\$6	119	121
Maverick National	400,000	4	5	5	200	240
Mechanics' National	250,000	3½	3½	3½	125	129
Merchandise National	500,000	3	3	2½	108	114
Merchants' National	3,000,000	3	3	3	143	148
Metropolitan National	200,000	3	3	3	112	115
Monument National	150,000	4	4	5	175	185
Mount Vernon National	200,000	3	3	3	111	118
National Bank of Brighton	300,000	3	3	3	104	104
National Bank of Commerce	1,500,000	3	2½	2½	119	130
National Bank of Commonwealth ..	500,000	3	3	0	112	120
National Bank of North America ..	1,000,000	2½	2	2½	114	114
National Bank of Redemption	1,000,000	3	3	3	137	142
National Bank of the Republic	1,500,000	3	3	3	128	130
National City	1,000,000	3	2½	2½	120	122
National Eagle	1,000,000	2½	2½	2½	113	121
National Exchange	1,000,000	3	3	3	142	146
National Hide & Leather	1,500,000	2½	2½	2½	115	119
National Market of Brighton	250,000	4	5	4	135	140
National Revere	1,500,000	2½	2½	2½	121	122
National Rockland	300,000	3	3½	3½	131	135
National Security	200,000	2½*	2½*	2½	180	190
National Union	1,000,000	3½	3½	3½	143	152
National Webster	1,500,000	2½	2	2½	109	117
New England National	1,000,000	4	4	3	148	153
North National	1,000,000	3	3	3	129	131
Pacific National	500,000	3	†	†	109	114
People's National	300,000	4	4	4	160	168
Second National	1,600,000	3½	3½	3½	151	153
Shawmut National	1,000,000	3	2½	3	124	123
Shoe & Leather National	1,000,000	2½	2½	2½	116	121
State National	2,000,000	2½	2½	2½	121	131
Suffolk National	1,500,000	3	2	2½	120	132
Third National	300,000	2	2½	2½	108	106
Traders' National	600,000	2	2	2	103	106
Tremont National	2,000,000	3	3	2	120	127
Washington National	750,000	3	3	3	137	139
Total, October, 1880	\$ 52,550,000					

* Quarterly. † Paid three per cent. Jan. 1 and July 1. ‡ The stock quotations represent market value, dividend on.

NOTES ON THE MONEY MARKET.

NEW YORK, APRIL 26, 1881.

Exchange on London at sixty days' sight, 4.82¼ to 4.82½ in gold.

The accumulation of currency at this center, though retarded and partial, indicates an easy monetary movement. The incipient changes in our international balances have given a hardening tendency to the market for foreign bills, which is strong at rates that have checked the importation of specie on new transactions, though foreign gold is still coming in and will continue to do so on business heretofore done, the importation during the week being more than three millions of dollars. Had this new movement occurred last month our money market would probably have responded by a stringent activity of a more or less spasmodic character. At present, however, the arrivals of currency from the West and South are sufficiently active to place the money market in a state of ease, and to supply the bank reserves with ample amounts of money even should the foreign imports of specie be wholly suspended for some time to come. Whether such a contingency will arrive is, however, the subject of considerable diversity of opinion. The importations of gold since January 1st amount to \$26,269,233 and of silver to \$1,078,545. Since August 1, the imports of gold have amounted to \$94,548,201 and of silver to \$3,549,896, against \$76,236,550 of gold imports last year, and \$4,774,372 of silver. The movement of the loans, the reserves and the deposits in our New York Clearing-house banks is shown by the subjoined table of the averages for several weeks past, from which it appears that the surplus reserve has increased to \$8,059,150 against \$2,191,525 at the corresponding period last year:

1881.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
Mar. 26.....	\$ 300,622,000	\$ 57,668,900	\$ 12,934,500	\$ 16,630,500	\$ 275,586,500	\$ 1,706,775
April 2.....	300,288,100	57,611,000	12,710,500	16,713,500	275,495,500	1,447,650
" 9.....	305,244,400	60,429,600	12,472,700	16,709,000	282,788,500	2,205,175
" 16.....	306,383,400	62,819,300	13,428,600	16,880,200	288,821,100	4,042,625
" 23.....	305,717,600	66,804,200	14,418,200	17,217,400	292,653,000	8,059,151

The Boston bank statement for the past four weeks is as follows:

1881.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
Mar. 26.....	\$ 146,114,000	\$ 5,842,300	\$ 2,793,700	\$ 82,468,100	\$ 29,975,500
April 2.....	147,551,200	5,846,200	2,670,000	85,828,900	30,135,800
" 9.....	146,289,900	5,607,100	2,488,300	87,159,800	30,282,700
" 16.....	146,129,200	6,084,800	2,434,400	88,689,300	30,464,400
" 23.....	146,037,100	6,592,000	2,769,100	90,124,300	30,624,500

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

1881.	Loans.	Reserves.	Deposits.	Circulation.
Mar. 26.....	\$ 70,167,265	\$ 17,530,152	\$ 61,173,503	\$ 10,006,706
April 2.....	70,260,005	17,573,178	62,456,355	10,105,592
" 9.....	71,181,195	18,665,372	63,771,480	10,145,128
" 16.....	72,305,191	18,914,606	67,659,350	10,134,981
" 23.....	73,485,227	19,284,068	67,301,923	10,123,556

The stock market has been irregular and closes strong and active. Governments are in demand from banks and investors. A considerable amount of bonds from abroad have been imported of late, and the foreign investors are taking instead our railroad and other securities, for which there is an increasing demand both in France and in other continental markets as well as in England. As has been previously noted, the selection of securities by foreign investors is much more intelligently directed than in former years, since several foreign banking firms of high standing have begun to devote their energies more extensively to this specific business. In London the quotations for our Government bonds are reported as follows, the market closing firm :

Quotations in London.	Apr. 8.				Apr. 14.				Apr. 22.				Apr. 25.				—Variations since Jan. 1, 1881.—	
	Lowest.		Highest.		Lowest.		Highest.		Lowest.		Highest.		Lowest.		Highest.		Lowest.	Highest.
U. S. 5s of 1881.....	105¼	105¼	110¼	104¼	104¼	104¼	104¼	103	103	103	103	103	103	103	103	103	103	103
U. S. 4¼s of 1891.....	116¼	116¼	116¼	116¼	116¼	116¼	116¼	114¼	114¼	114¼	114¼	114¼	114¼	114¼	114¼	114¼	114¼	114¼
U. S. 4s of 1907.....	117¼	117¼	117¼	118¼	118¼	118¼	118¼	115¼	115¼	115¼	115¼	115¼	115¼	115¼	115¼	115¼	115¼	115¼

The new registered bonds stamped at three and a-half per cent., under Mr. Secretary Windom's new arrangement, the benefit of which is now extended to Europe under the circular issued yesterday, are in demand and are selling at 104 for "forward delivery." These and the four per cents. of 1907, are much inquired for by investors and trustees, to whom the question of interest is subordinate to that of security of the principal. More than eighty-five per cent. of the maturing sixes are expected to be stamped at three and a-half per cent. leaving twenty or thirty millions to be paid in cash in July. After May 9, these sixes are expected to be worth 102¾ to 103. At the New York Stock Exchange the quotations for Governments compare as follows, and we add the aggregate of each class of bonds reported by the Treasury April 1, 1881 :

	—Variations since Jan. 1, 1881.—				—Aggregates April 1, 1881.—	
	Lowest.		Highest.		Registered.	Coupon.
6s, 1881.....	101¼	101¼	103	103	\$ 154,181,100	\$ 41,509,300
5s, 1881.....	100¼	100¼	102¾	102¾	326,356,000	137,234,850
4¼s, 1891.....	111¼	111¼	113	113	177,822,400	72,177,600
4s, 1907.....	112¾	112¾	115	115	536,957,700	201,614,150
6s, currency.....	127¼	127¼	134¼	134¼	64,623,512	—

State bonds continue to receive a discriminating attention from capitalists who have confidence in the future of this important and long neglected class of securities. Considerable speculative activity has been occasionally developed of late, but at the close the market is now more quiet. Railroad bonds have been irregularly active without any special features of importance, except that the income bonds of certain Western roads are attracting more confidence. The quotations for railroad shares have suffered in consequence of the diminished earnings, due to the severe winter and other causes. The monetary ease which is expected to prevail has developed confidence among the speculators for an advance, while it has discouraged the bears; and the "short interest," which was very large, is now supposed to have been covered. The predictions as to the future movements of the market are widely diverse. On the one side the declining earnings favor lower quotations, while the high prices now prevailing, as compared with former periods, induce lenders to scrutinize collaterals, so that the bull cliques find it difficult to sustain the market and have more difficulty in commanding loans on miscellaneous stocks. Still, the general drift of the prospective movements of quotations is quite uncertain. Foreign exchange is firm, in consequence, partly, of the influx of

bonds from abroad, and of the disposition of foreign bankers and capitalists to check, if possible, the flow of gold to this country from Europe. The leading drawers have advanced their nominal rates to 4.83 and 4.85½. The transactions to-day are reported at 4.82¼ and 4.84½, and for cables, 4.85 to 4.85½, while commercial bills are quoted at 4.81 to 4.81½. Paris francs are quoted at 5.25½ and 5.22½ for checks. Reichsmark 94 to 94½ for 60 days, and 94½ to 94¾ for demand. Subjoined are our usual quotations:

QUOTATIONS:	March 25.	April 1.	April 8.	April 16.	April 25.
U. S. 6s, 1881, Coup...	102¾ ..	102¼ ..	102½ ..	103¼ ..	103¾
U. S. 4½s, 1891, Coup.	111¾ ..	112¾ ..	113¾ ..	113 ..	113¾
U. S. 4s, 1907, Coup...	113¾ ..	113¾ ..	113¾ ..	114 ..	115
West. Union Tel. Co. . .	114 ..	114 ..	115½ ..	115½ ..	116¾
N. Y. C. & Hudson R.	144¾ ..	145¾ ..	145 ..	143¾ ..	143
Lake Shore.....	127¾ ..	130¾ ..	129¾ ..	125¾ ..	123¾
Chicago & Rock Island	131 ..	136 ..	136¾ ..	136 ..	135¾
New Jersey Central...	101¾ ..	102 ..	100½ ..	99½ ..	97¾
Del., Lack. & West....	122 ..	121¾ ..	119¾ ..	118¾ ..	117¾
Delaware & Hudson...	110¾ ..	111¾ ..	110¾ ..	110 ..	108¾
Reading.....	60¾ ..	63¾ ..	61½ ..	61¾ ..	57
North Western.....	122¾ ..	123 ..	122¾ ..	121¾ ..	121¾
Pacific Mail.....	55¾ ..	56 ..	53¾ ..	49¾ ..	51
Eric.....	47½ ..	47½ ..	47¾ ..	45¾ ..	46
Discounts ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	4 @ 5½
Call Loans.....	5 @ 6 ..	5 @ 6 ..	5 @ 6 ..	4 @ 5 ..	3½ @ 5
Bills on London.....	4.79¾-4.82½ ..	4.81½-4.83 ..	4.81½-4.83¾ ..	4.82-4.84½ ..	4.82¾-4.84¾
Treasury balances, coin	\$ 89,720,426 ..	\$ 88,068,586 ..	\$ 80,430,238 ..	\$ 77,663,041 ..	\$ 76,265,699
Do. do. cur.	\$ 4,284,589 ..	\$ 3,517,213 ..	\$ 3,595,360 ..	\$ 3,953,078 ..	\$ 4,757,601

The condition of foreign money markets is attracting more attention in this country in connection with the demand abroad for our bonds and the competition of other securities therewith. The diminishing rate of interest for money in Europe and the United States has been often cited as one of the results of the wide diffusion of the currents of wealth, which has stimulated the rapid growth of banking facilities here and all over the world during the last ten years. This movement is illustrated by the report just published of the Australian banks, which have now to be content with 3¼ to 4½ per cent., though they formerly loaned all they desired at 8 or 9 per cent. for mercantile paper, and 10 per cent. for overdrawn station accounts. Subjoined are the aggregates of the loans and reserves of these banks as officially published, showing an increase of reserve, but a considerable decrease in the volume of transactions, which is ascribed to the fact that mortgage companies have been organized to do a part of the business formerly done by the banks:

DECREASE OF TRANSACTIONS OF AUSTRALIAN BANKS, 1878-80.

	Specie reserve.		Loans and discounts.	
	1878.	1880.	1878.	1880.
Victoria.....	\$ 11,936,960	\$ 19,634,750	\$ 112,151,645	\$ 96,974,605
New South Wales.....	11,123,780	16,943,975	85,151,135	81,868,855
New Zealand.....	9,474,315	10,153,600	65,714,355	58,387,095
South Australia.....	3,050,140	4,614,245	30,757,510	29,713,530
Queensland.....	4,988,345	5,204,240	20,087,770	19,869,645
Tasmania.....	1,513,560	1,933,510	8,244,905	8,424,680
Total.....	\$ 42,087,100	\$ 58,484,320	\$ 322,107,320	\$ 295,238,410

The report of the Bank of France for 1880 is of special interest. It shows that the transactions of the year, exclusive of Government receipts from the

Receivers-General, which were \$190,200,000, amounted to \$2,042,400, or \$305,200 more than in 1879. The greater part of this increase was in the discounts and loans, and resulted in a great measure from certain improvements lately adopted. The receipts effected gratuitously for the Government during the year amounted to \$885,800,000. The maximum cash reserve during the year was \$420,600,000 on the 2d April, 1880, the minimum \$352,600,000 on the 11th December. On the 31st December the gold and silver in the Bank, Paris and branches, was \$354,600,000, of which \$110,400,000 was gold and \$244,200,000 was silver. The loss of specie in the year was \$39,000,000, of which \$37,800,000 was in gold, which had already decreased \$49,200,000 in 1879. In consequence of the exports of gold, principally for the purchase of wheat and wine, the bank was forced to raise its rate of discount during the year. The rate was reduced from three to two and a-half per cent. on the 1st April, and it was raised to three and a-half on the 14th October. The rate of interest on loans is usually one per cent. higher than the discount, but in October it was raised only one-half per cent. when the discount was raised one per cent., and the difference is now only one-half. The discounts of commercial paper in the year amounted to \$1,739,200,000 against \$1,452,000,000 in 1879, and of which \$820,200,000 was in Paris, and \$919,000,000 in the branches. The average amount of each bill discounted in Paris was \$184.80 (924 francs), and about one-fourth of the total number in Paris, which was 4,436,168, were for sums not exceeding \$20 (100 francs); the maximum amount of discounts at the Bank, Paris and the branches, at any one date was \$220,200,000 on the 29th of November, and the minimum \$114,400,000 on the 3d of April. The circulation, which was \$452,000,000 on the 26th of December, 1879, the commencement of the bank year, fell to the minimum of \$441,200,000 on the 25th March, 1880, and reached the maximum of \$496,200,000 on the 29th November. The Bank had ninety branches open in the departments during the year. The number of those which did not pay their expenses fell from thirty in 1879 to thirteen only in 1880, and the aggregate loss from 479,199 francs to 153,138 francs. The total expenses of the year amounted to \$2,202,254, including a sum of \$340,329 for taxes. The profits for the year amounted to \$7,893,421, of which \$4,353,436 was from discounts, \$1,085,076 from loans on public securities, and \$1,984,229 from Government securities belonging to the Bank. The net dividend for the year was fifteen per cent., or 150 francs per 1,000 francs share. The capital of the Bank is 182,500,000 francs or \$36,500,000. The number of public securities deposited at the Bank in Paris for safety on the 24th of December, 1880, was 2,083,989, representing a value of \$313,800,000. A similar service has been established in the branches at Bordeaux, Lyons and Marseilles, at which there were deposited for safe keeping 517,478 public securities of a value of \$66,200,000.

On the 6th of April the New York Assistant United States Treasurer opened the bids for \$666,000 of Government bonds for the Pacific Railroad sinking fund. The accepted bids were as follows:

<i>Fisk & Hatch.</i>		<i>First Nat. Bank.</i>	
210,000	6s '98.....	133.90	....
76,000	6s '99.....	134.95	....
			\$494,000
Principal with premium.....			\$664,552.

The Secretary of the Treasury authorizes the statement—that arrangements will be made at once whereby foreign holders of the six-per-cent. bonds of the United States can have their bonds continued at three and a-half per cent. An agency for this purpose will be established in London immediately.

During the week ending April 22, the money received at the New York Custom House consisted of \$1,432,000 in silver certificates, \$1,301,000 in gold, \$138,000 in greenbacks and \$4,000 in silver dollars.

A city contemporary proposes, in respect to refunding, that "bids be solicited by duly qualified agents in every capital in Europe." On the contrary, we hope that this country may never again be subjected to the humiliation of sending treasury officials abroad to offer American bonds at the feet of European bankers.

During the year 1880, the total State, county and municipal taxes (not including school-district taxes) levied in the State of New York, amounted to \$48,927,407. On the 31st of December, 1879, the total county and municipal bonded and floating debts (not including school district debts) amounted to \$248,766,118. It may be roughly calculated that one quarter part of the taxes is devoted to paying interest on debts.

Very few greenbacks are paid for duties at the New York Custom House. The receipts are nearly all in gold and silver, and of the latter, principally in the certificate form. For the week ending April 12, the receipts were \$1,222,000 in gold, \$1,254,000 in silver certificates, \$88,000 in greenbacks, and \$3,000, in silver dollars.

It is officially stated that it will occupy the Philadelphia mint fifteen months to coin the \$90,000,000 of gold bullion owned by the United States Treasury. What is to be gained at present by coining is not apparent. It will not be called for except for export, and for that purpose is worth as much in bars, as it will be after an additional expense is put upon it at the mint.

During the week ending April 9, the following bids were received for the loans offered in London:

1. For £150,000 of the four-and-one-half-per-cent. debentures of the Government of the Fiji Islands, the tenders amounted to £654,200. The average rate of the accepted bids was £99 19s. 8d. per £100.
2. For £300,000 of the four-per-cent. debentures of the Government of Tasmania, the tenders were £1,143,500, at discounts ranging from one-quarter to two and one-half per cent.
3. For £1,000,000 of the three-per-cent. debentures of the City of Nottingham, the tenders were £1,881,700, at discounts ranging from ten to fifteen per cent.

The British Board of Trade returns for the month of March show a decrease of £796,000 in the value of imports, as compared with the same month last year, and an increase of £279,000 in the value of the exports.

The Rothschilds have notified the Italian Government that they cannot proceed further in negotiating the loan of \$120,000,000, proposed as a basis for an Italian resumption of coin payments, until the affair of Tunis is so far settled as to remove any fear of difficulties between Italy and France. How long a postponement this may be, nobody can foresee.

Under Sir Robert Peel's Currency Act of 1844, the Bank of England was authorized, on certain conditions, to increase the amount of its note issues, not representing gold, to the extent of two-thirds of the issues of that kind allowed at that date to other banks, which might subsequently lapse by bankruptcy, liquidation and other causes. Since 1844 there have been such lapses to the amount of £ 2,675,440, but until now the Bank of England has only increased its own issues by £ 1,000,000. Early in April, it applied for and obtained authority to make a further increase of £ 750,000. This is a manifestation of the same tendency to try to make good the deficiency of metal by issuing paper, which has been shown by the Bank of France, under the direction of the French Minister of Finance, in increasing its issue of notes for 100 francs, and in resuming the issue of notes for fifty francs.

DEATHS.

At LAKE CITY, Minnesota, on Wednesday, February 23, aged fifty-one years, M. A. BALDWIN, President of the First National Bank of Lake City.

At GRAND RAPIDS, Mich., on Sunday, April 3, aged fifty-four years, CHARLES H. BENNETT, President of the Grand Rapids National Bank.

At NEW YORK CITY, on Monday, April 4, aged sixty-two years, JAMES BUELL, formerly President of the Importers and Traders' National Bank.

At PORTVILLE, N. Y., on Saturday, March 26th, aged fifty-nine years, LUTHER GORDON, President of the First National Bank of Brockport, N. Y.

At MERIDEN, Conn., on Monday, March 28, aged seventy-seven years, JOEL H. GUY, President of the First National Bank and City Savings Bank of Meriden, and also the Middlesex County National Bank, of Middletown.

At ROME, N. Y., on Sunday, April 17, aged sixty-four years, EDWARD HUNTINGTON, President of the First National Bank of Rome.

At CHELSEA, Vermont, on Monday, January 31, aged seventy-seven years, ELIHU HYDE, President of the First National Bank of Chelsea.

At BUCYRUS, Ohio, on Saturday, March 19, aged sixty-nine years, ABRAM MONNETT, President of the Farmers' Bank of Marion, and the Crawford County Bank of Bucyrus, O.

At ROCHESTER, N. Y., on Thursday, March 17, aged eighty-three years, EZRA M. PARSONS, President of the City Bank.

At HOPE, Warren County, N. J., on Tuesday, March 8, aged thirty-seven years, JAMES A. SWAYZE, President of the First National Bank of Washington, N. J.

At WOOSTER, Ohio, on Saturday, April 9, aged seventy years, PHILO S. VAN HOUTEN, Cashier of the Wayne County National Bank.

At PROVIDENCE, R. I., on Sunday, April 24, aged seventy years, Hon. JOHN O. WATERMAN, President of the Old National Bank of Providence.

THE

BANKER'S MAGAZINE

AND

Statistical Register.

VOLUME XV, }
FOURTH SERIES. }

JUNE, 1881.

No. 12.

THE BUSINESS OUTLOOK.

The statement most commonly made during the past year by financial and commercial journals has been, that foreign capital was flowing into the United States as the result of the sale abroad of American securities. On the contrary, as we have steadily insisted, capital has been all the time flowing out of the United States, and for the best of all purposes, the liquidation of foreign debt and the purchase of American securities hitherto held in Europe. Month by month the official returns of our foreign trade have verified the views we have taken. Not only has the enormous excess of exports in the merchandise trade furnished the means of paying for the excess of imports in the specie and bullion trade, but it has still left a favorable balance large enough to meet our foreign interest and freight account, and to purchase a goodly amount of our foreign-held securities.

For the first three months of 1881, the favorable balance of our foreign trade, including merchandise, specie and bullion was as follows:

January	\$24,634,095
February	20,365,368
March	17,919,162
	\$62,918,625

The favorable balance, including merchandise, specie and bullion, was \$156,220,718 for the nine months ending March 31, 1881, and was \$164,502,130 for the year ending March 31, 1881.

During the last-named period of a year, our excess of

imports of specie and bullion over exports was \$78,943,769. If we shall now cease to import gold, foreigners must send us still more of our securities, if the merchandise balance of trade continues to be as largely favorable as it has been.

Some persons in Wall Street suppose that it will strengthen confidence in American stocks and bonds, if an impression can be created that the market for them is higher in Europe than it is in the United States. A much better basis for believing in the permanent maintenance of a good range of prices for them, is the real fact that they are higher at home than abroad, and that domestic capital is so augmenting as to outbid foreign capital in purchasing and holding them. American stocks and bonds held abroad are liable to be sent home from causes which have no relation to the intrinsic value of such securities. The safest position to maintain a steady market for them, is to have them held at home. But whatever may be desirable, or desired, the fact is plain that they are being steadily brought home. Cotton, wheat, petroleum, &c., are not sent abroad to be given away. They are sold and the proceeds, in some form, are brought back, and if we do not import an equivalent amount of foreign goods, specie and bullion, we must be importing more securities than we sell. That is the logic of the figures of the existing condition of our foreign trade. It is of no consequence how many people affirm, or with what confidence, or from what motives, that the balance of the flow of securities is outward. The fact is clearly precisely the reverse of that.

The Secretary of the American Iron and Steel Association, Jas. W. Swank, has obtained complete returns from the manufacturers of the production of iron and steel rails for the year 1880. He reports that the production of all kinds of rails in the United States in the calendar year 1880 far surpassed the production of any previous year. It reached the enormous quantity of 1,461,837 net tons, or 1,315,212 gross tons. This is thirty-one per cent. more than the production of 1879, in which 1,113,273 net tons, or 993,993 gross tons, of iron and steel rails were made. The rail product of 1880 was composed of 954,460 net tons of Bessemer steel rails and 493,762 tons of iron rails and 13,615 tons of open-hearth steel rails. The total production of Bessemer steel rails was forty per cent. more than that of 1879. That of iron rails was eighteen per cent. more.

The production of 1881 promises to be larger than even that of last year, and the capacity of this country to produce all the iron and steel rails it can use, is thus demonstrated. The domestic production could not be instantly enlarged to meet the sudden and enormous demand which sprang up in the latter part of 1879, and there was then a good deal of senseless clamor against the duties imposed upon foreign rails. Now that domestic production has responded so

promptly to the calls made upon it this clamor has subsided. If the duties were taken off, the British rail makers would first break down the American establishments by low prices, and then recoup themselves by extortionate prices afterwards.

During the month of April, the total imports at New York, including \$15,383,746 of specie and bullion, amounted to \$52,839,617. The total exports, including \$1,207,000 of specie and bullion, amounted to \$31,570,399.

Excluding specie and bullion, the adverse balance of trade was \$7,092,910, as compared with an adverse balance of \$16,624,000 in April, 1880.

It was the extreme pressure on the New York money market in March, which caused specie and bullion, rather than securities, to be heavily imported in April.

REMEDY FOR USURY BY NATIONAL BANKS.

An important decision has been rendered in New York, reaching the result that the claim of one from whom usury has been taken by a National bank, to enforce the forfeiture of entire interest, imposed by the laws of Congress, cannot be enforced by the method known in the language of the courts as set-off or counterclaim against a suit prosecuted by the bank; the sufferer must seek his recovery by an independent action. The question may appear to be one of court procedure in the particular State only; but in reality the principle is of very general application. For, nearly half the States have adopted, in one form or another, the practice introduced in New York by the code of procedure, of allowing a defendant a large liberty of introducing and recovering upon claims he may have against the plaintiff, by stating them as a "counterclaim" in a suit brought against him, without being put to the trouble and expense of an independent action. No proceeding of mere cross-claim, allowed by the court practice of the particular State, can be employed, according to the recent decision of the Court of Appeals, for enforcing a forfeiture of interest against a National bank for taking usury.

The suit was brought by the National Bank of Auburn, upon a promissory note, against the indorser only. He answered that he indorsed merely for the accommodation of the makers, and that the bank, when it discounted the note for the makers, took usurious interest, by reason of which he claimed a rebate from his liability of a sum equal to the entire interest. When the cause first came before the court

(1878) its decision was, that the forfeiture imposed by the law of Congress might be, under the New York practice, thus claimed. An accommodation indorser has the same right, so the Court held, as the maker, to the benefit of the forfeiture, by way of rebate, although the suit be against him alone on his indorsement.*

Just after this decision, there was announced from Washington a decision of the Supreme Court in a cause carried up from Ohio, in which that Court expounded the law of Congress imposing forfeiture for usury substantially as follows:

"Two categories are thus defined and their consequences denounced. 1. Where illegal interest has been knowingly stipulated for, but has not yet been paid, the consequence is that the lender can recover only the sum lent, without interest. 2. Where the illegal interest has been paid, twice the amount so paid can be recovered back in a penal action of debt or a suit in the nature of such action, brought against the offending bank by the persons who made the payment or their legal representatives. The act of Congress creates a new right and provides a specific remedy. The remedy given is a penal suit. To that the party aggrieved must resort. He cannot have redress in any other mode or form of procedure. The statute which gives the right prescribes the redress, and both provisions are alike obligatory. The bank charged with exacting usury has a right to insist that the prosecution shall be by a suit brought specially and exclusively for that purpose, where the sole issue is the guilt or innocence of the accused without the presence of any extraneous facts which might confuse the case and mislead the jury.†"

When the attention of the Court of Appeals was called to the above decision, a re-argument was ordered of the Bank of Auburn's case, and a decision rendered anew, conforming to the views of the Supreme Court. In support of the counterclaim, the counsel for the defendant argued that the two cases differed in this; that in the case before the Supreme Court, the claim made was to recover back twice the amount of illegal interest which had been paid; while in the Bank of Auburn case the claim was to reduce the amount of the bank's recovery by rejecting interest, on the ground of a mere agreement for usury. The Court of Appeals said that this was a difference which might lead the Supreme Court to discriminate between the two cases, but was not sufficient to warrant a State court in refusing to follow a Supreme-court decision. The counsel for the bank also cited the familiar Act of Congress which provides that the modes of proceeding in civil causes in the Circuit and District Courts

* *National Bank of Auburn v. Lewis*, 78 N. Y. 516.

† *Barnet v. National Bank*, 98 U. S. 555.

shall conform to those used in the courts of the State. But the Court of Appeals said that this could not operate to prevent the application and enforcement of a positive statutory provision of penal character. It does not mean that the practice which a State has prescribed for her courts, in regard to counterclaim or recoupment, shall defeat the object and intention of a Federal enactment defining a specific offence, prescribing a forfeiture therefor, and providing a specific mode of enforcement. The result was that the cause was sent back to the court below for a new trial, with instructions that, disregarding the counterclaim, the precise facts should be ascertained as to whether, when the note was discounted, excessive interest was actually paid. If it was, the only remedy would lie in an independent action for double the amount. But if, as is usual in discounting, there was no actual payment, but the maker and borrower received the sum called for by the note, less the amount of the discount, then the consequence would be—the amount being excessive—that the recovery of the bank must be limited, under the act of Congress, to principal.*

There seems reason to think that the above views may cast doubt upon a decision earlier rendered by the Supreme Court of Tennessee, though only lately reported. The suit in this case was brought under authority of a State law allowing a judgment creditor, in a proper case, to prosecute and recover claims due to his debtor, and apply the amount recovered towards satisfaction of his own demand; in other words, it was what is known as a creditor's bill. The complainants alleged that they were judgment creditors of Redfield & Co.; that in certain dealings between Redfield & Co. and the First National Bank of Chattanooga, the bank had taken usury upon a loan made by it to Redfield & Co., by which the bank had become liable to that firm to repay the same. The bill prayed that the bank might be adjudged to pay this money to the complainant, to be applied by them in satisfaction of their judgment against Redfield & Co. In defence the bank's counsel took the ground that only the action designated by the act of Congress could be employed; and that the act nowhere gave leave to third persons, such as creditors, to bring suit in place of the sufferer by the usury.

The Tennessee Court declared the principle to be a sound one—that when a penalty is prescribed by statute and a specific remedy to recover it is given, that remedy only can be pursued, and said that it would, therefore, follow, that the penalty imposed of a forfeiture of double the illegal interest paid cannot be recovered by means of a creditor's suit, but only by the party who made the payment or his legal representatives. But the bill in this case was carefully so

* *National Bank of Auburn v. Lewis*, 81 N. Y. 15.

framed as not to ask to recover the penalty, but only the usury paid, that is the actual excess over the lawful interest. That sum was, as it happened, enough to cover the complainant's judgment, and his counsel had been so prudent as to limit the bill in this way instead of suing for the penalty. Therefore the Court said that the effect of the suit was only to require the bank to pay back money to which it was not lawfully entitled, while it was permitted to retain lawful interest, and nothing in the way of punishment was attempted. The law of Congress undoubtedly confines sufferers by usury to the particular remedies given for enforcing the new rights conferred, but it does not hinder the courts of the State from entertaining suits authorized by State laws, the purpose of which merely is to compel a bank to refund money which it has received without just right under the guise of interest, and which it holds, according to general principles of equity, and independent of the act of Congress, as money received to the use of the borrower.*

THE PUBLIC FINANCES.

The call issued by the Secretary of the Treasury on the 12th of May for all the outstanding fives will be found in another part of this number of the Magazine.

The fives outstanding at the end of April amounted to \$456,022,950, divided as follows :

Coupon bonds..... \$ 128,067,600 .. Registered bonds... \$327,955,350

During the month of May \$16,198,350 of these bonds, being a part of the \$25,000,000 called on the 21st of February, were either paid off,* or were transferred to the list of debts on which interest ceases after maturity. At the end of May, the outstanding fives were, therefore, about \$440,000,000, and consisted of about \$120,000,000 of coupon bonds and \$320,000,000 of registered bonds. The Secretary will give the privilege of extension at three and a-half per cent. to all the coupon bonds, but to not exceeding \$250,000,000 of the registered bonds, and proposes to pay off the remainder of the latter, say \$70,000,000, out of the surplus cash in the Treasury.

The Secretary's call of May 12 proved to be an immediate and complete success in eliciting from the holders of the registered fives all the requests for the extension of their bonds at three and a-half per cent., which he has so far indicated his intention to grant. Of course, if it shall turn

* *Steadman v. Redfield*, 8 Baxt. (Tenn.) 337.

out when the 12th of August comes, either that the Treasury cannot then, without inconvenience, spare a sum quite equal to the non-extended bonds, or if the Secretary shall judge that in the condition of affairs then existing it may disturb the money market to throw upon it all at once so large a sum, he may grant the privilege of extension to a certain additional quantity of bonds. The admirable manner in which he has so far managed this perplexed and difficult business, justifies an entire confidence that he will be always ready to deal wisely with any new phase which it may assume hereafter.

The course of events has removed the danger, if any ever existed, which we do not believe, of the issue of any long bonds, either fours or four and a-halves, under the refunding act of 1870. Both branches of the late Congress having, by decisive votes, fixed five years as the longest term of any security which should be issued, and the determination of the country having been manifested in many other ways that the debts of 1881 should not be perpetuated but put in a course of rapid payment, it is not credible that a man like Mr. Windom, habitually prudent and discreet, and never forgetful of the deference due, under a republican form of government, to a popular decision arrived at after a full and deliberate discussion, could have been misled by any species of solicitation, however plausible and persistent, into such an act.

The hair-splitting criticisms upon the legal right of the Secretary to do what he has done have attracted little attention and no approval, and seem now to be substantially abandoned. Nothing is apparently left to be said against it, except that while he has done admirably well, he might have done even better, and have obtained an extension of the fives and sixes at three per cent. But he would at least have risked a failure of the whole negotiation by such an experiment, and we have no doubt would have hopelessly wrecked it. There is to-day no time-security of the Government which cannot be bought at such a price as to yield to the purchaser more than three per cent. premium. It is idle to suppose that a security bearing that rate of interest, and payable at the option of the Government, would have been voluntarily taken to an extent approximating the necessities of the present case. The Secretary was advised, when he made his visit to this city, that he ought not to expect success at a lower rate than four per cent. when he reserved to the Government the option of paying at pleasure.

The statement is made from Washington, that on the 20th of May, the last day fixed for applications for an extension of the sixes, there remained about \$16,000,000 not extended. To all requests since made for extension of the sixes, the Secretary has replied negatively, so that the cancellation by

payment of \$16,000,000 of the public debt on the 1st of July may be relied upon. The payment of that sum will not probably exhaust the surplus revenue which will have accumulated by that time.

During the month of April, the interest-bearing bonded debt was reduced from \$1,649,317,250 to \$1,641,749,350. The reduction was wholly in the fives, of which the amount outstanding at the end of the month was \$456,022,950.

The saving of interest by the payment and cancellation of bonds during the month was \$378,395, which makes a total saving in that way since the end of October, 1879, of \$7,865,983.

During the month the outstanding fractional currency was reduced \$16,932, and the principal of the debt on which interest has ceased since maturity was reduced \$388,580.

The reduction of the net debt during the month was \$9,690,900, which makes a reduction since the 30th of last June of \$78,099,601.

The cash in the Treasury at the end of April was \$233,731,195, but of that amount \$64,937,740 consisted of deposited greenbacks, gold and silver, for which certificates are outstanding.

The metallic reserves of the United States Treasury were as follows at the two dates named :

	<i>April 1.</i>	<i>May 1.</i>
Gold coin and bullion (less outstanding certificates).....	\$ 167,644,262 .	\$ 164,358,554
Silver dollars (less outstanding certificates).....	15,730,343 .	18,886,804
Subsidiary silver.....	26,283,891 .	26,493,612
Silver bullion.....	4,017,770 .	3,863,582
	<u>\$ 213,676,266</u>	<u>\$ 213,602,642</u>

The number of silver dollars in the Treasury May 1 was 58,044,826, but of these 39,157,932 were the property of individuals, and were represented by outstanding certificates.

The following is a statement of the coinage executed at the United States Mints during the month of April, 1881 :

<i>Denomination.</i>	<i>Number of pieces.</i>	<i>Value.</i>
Double eagles.....	52,000 ..	\$ 1,040,000
Eagles.....	466,500 ..	4,665,000
Half eagles.....	645,600 ..	3,228,000
	<u>1,164,100 ..</u>	<u>\$ 8,933,000</u>
• Silver dollars.....	2,300,000 ..	2,300,000
Cents.....	2,590,000 ..	25,900
	<u>6,054,100 ..</u>	<u>\$ 11,258,900</u>

The total number of silver dollars coined to the end of April, was 86,659,830. Of these there were in circulation 67,772,936, as follows: In the metallic form 28,615,004; in the certificate form 39,157,932.

WESTERN LOCAL PUBLIC DEBTS.

The long-contested bonds of Franklin County, Missouri, for \$250,000, but amounting now, with accumulated interest, to twice that amount, have been compromised with the holders for \$325,000. Referring to this adjustment, the *St. Louis Republican* says:

There are several other counties in Missouri—Scotland, Clarke and Pike among them—whose railroad debts, steadily increasing by accumulations of unpaid interest, ought to be similarly disposed of. The times are propitious for settlement. The State is prosperous, and, with no adverse fortune to encounter, will continue to be so for some years to come. The people are better able to pay the extra taxes which a gradual liquidation of their debts would make necessary than they ever were before, and it is the part of wisdom to take advantage of the present condition to get rid of these disputed obligations for ever. As long as these obligations, held binding by the courts, are resisted, the growth of the counties will be retarded, immigration will avoid them, and they will fall behind the other counties of the State in the progress of the day. The most prudent thing these indebted counties can do is to come to an understanding with their creditors, secure the best terms they can, and then settle down resolutely to the work of paying their obligations.

Many Western municipal and county debts, the validity of which has been in dispute, are now being adjusted by compromises. Whether the general tendency is also to reduce recognized debts by steady payments, as wisely advised by the *St. Louis Republican*, we are not specially informed, but we trust that it either is so now, or will soon be so. The mania for creating public debts in this country has received a decided check. The National Government is setting a good example in the way of reducing existing debts, and nearly all the States are now moving at various rates of progress in the same direction.

Local debts are made more manageable by the fall in the rate of interest at which they can be carried. There may be some danger that the saving in that way, instead of being made use of to liquidate the principal, may prove to be a temptation to continue debts instead of paying them. That is a danger to be guarded against. There are in all communities persons ready to seek a cheap and meretricious popularity by proposing that necessary taxes should be lowered, and that debts should be left for posterity to take care of. The influence of such persons can, however, be successfully combated by pointing out, as the *St. Louis Republican* does, that the true way for localities to attract immigration and to build up their present prosperity, is to "settle down resolutely to the work of paying their obligations."

The law passed in Massachusetts half a dozen years ago, making it compulsory upon municipalities to make at least a small prescribed reduction of their debts every year, has worked well in practice, and seems now to be universally acquiesced in by the people of that State as a wise measure. We have often referred to it as one which seems fit to be copied in other States, with such modifications as varying conditions may require. Many States have imposed limitations upon the further increase of local debts, although in some cases not until about all the mischief was done, which was possible to be done. But Massachusetts, we believe, is entitled to the credit of setting the first example of requiring the gradual liquidation of old debts.

MONETARY AFFAIRS ABROAD.

Some French philosophers who furnish statistics to order, fix the present amount of gold money in France at seven milliards of francs, or \$1,400,000,000, which is nearly twice the amount in Great Britain and Germany combined, and more than twice as much as really exists France. M. Cernuschi in 1877 estimated it at \$600,000,000, and it has certainly not increased since.

The Paris correspondence (April 14) of the London *Economist* says: "Spain continues to take French gold, and the drain in that direction has now been going on for two years. A return of the Mint at Madrid shows that gold coin to the amount of 170,000,000 pesetas (\$34,000,000) was struck in 1880, the greater part of which was from France. It is remarked among bankers that the effect of the withdrawals of gold from the circulation is beginning to be perceived, for, besides the exports of that metal, coin to the amount of one million francs weekly is melted down for manufacturing purposes."

A million francs weekly is \$10,000,000 per annum, which is about the estimate, by the Director of our Mint, of the gold consumed in manufactures in this country.

In October last, the French Receivers General were instructed to turn over to the Bank all the gold coming into their hands, and to disburse nothing but silver. In April, the French Finance Minister said, in the Chambers, in reply to questioning on the subject: "I was not bound to state publicly the amount of these operations, for it might have alarmed trade and the money market, but as the operation has now been going on for seven months, that fear no longer exists. The Bank of France has now 600,000,000 (francs) in gold, and since the month of October 200,000,000

have been paid into its reserve. But for these payments the reserve would have been reduced to 400,000,000, and the rate of discount would not have remained at three and one-half per cent."

In addition to this exceptional recruitment of the gold reserve of the Bank, through the operations of the Receivers General, it has been enabled to draw gold from the circulation by increasing its issues of notes for one hundred francs, and by resuming the issue of notes for fifty francs, of which last class none had been put out for several years. During the year ending January 20, 1881, the circulation of fifty-franc notes was increased 23,180,150 francs, and of one hundred-franc notes 183,842,600 francs, being in all an increase of 207,022,750 francs, or in round numbers \$40,000,000. Notes of the denomination of fifty and one hundred francs take the place of gold, and the metal thus displaced either furnishes to that extent what is wanted for export, or finds a lodgment in the coffers of the Bank.

That the gold in those coffers does not increase, with all the expedients to that end which have been resorted to, is another proof, if any was needed, that the quantity of gold money in France does not approximate the enormous estimates which have been made within a year, or two, by a certain class of statisticians.

Bismarck adheres, not only steadily, but even aggressively, to his policy of high custom-house duties. In a speech in the German Parliament a few weeks ago, he declared: "Without being a passionate protectionist, I am, as a financier, a passionate imposer of duties, from the conviction that the taxes—the duties levied at the frontier—are almost exclusively borne by the foreigner, especially for manufactured articles, and that they have always an advantageous retrospective protectionist action. With regard to the development of our tariff, I am firmly resolved to resist every modification of our tariff in the other direction, and to assist, with all the means in my power, as far as my influence extends, in the direction of a greater support to a higher revenue raised from frontier duties."

The experience of this country, as to who pays the larger share of custom-house duties, corresponds with that of Bismarck. A notable example is that of the tea and coffee duties, which yielded to our Treasury \$20,000,000 when Congress repealed them. Our consumers pay as much as before, and foreign producers pocket the \$20,000,000. Congress repealed those taxes with a hurrah, and would do well to re-impose them in the same way.

The note issues of the Bank of France in 1879, on the 26th of December, which is the commencement of the Bank year, amounted to 2,260,000,000 francs, but had expanded to 2,524,081,000 at the same date in 1880. Rather more than

half of its notes are of the denomination of 1,000 francs, or \$ 200.

The *British Mercantile Gazette* says that the reduction of the British debt during the fiscal year ending March 31, 1881, instead of being the considerable sum figured out by Mr. Gladstone, was really only about £ 500,000, which is a narrow basis for his proposal to reduce taxes to twice that amount. The *Gazette* says: "By stretching to its length the system of financiering, the most glorious budgets can be framed. To all intents and purposes, Mr. Gladstone's enormous debt reduction is a fiscal sham—a sham in that science in which humbug is most to be deprecated."

We have before us the full text of the speech (April 7) of the French Minister of Finance in the Senate, in response to inquiries as to his dealings, through the Receivers-General, with the Bank. It is apparent from it, we think, that the Bank had not, in any case down to that time, refused gold to anybody applying for it, although it has, since last fall, charged a trifling premium for coins of an extra weight. The Minister said:

"It was necessary that the Bank of France should have a sufficient reserve to meet demands made upon it. If the demands for gold were instigated by speculative purposes, if persons demanded gold for the sake of selling it at a premium, I should not have resorted to the measure I have spoken of. But there is no premium on gold. Nobody can speculate in it. It cannot be sold at a premium. The persons who have gone to the Bank for gold have done so only because it was the only French money with which our foreign debts could be discharged. A person having debts to pay in England or the United States cannot pay them in bank notes nor in silver, and he seeks for gold in the place where he can find it, that is to say, in the Bank of France."

In April, the Austrian Government, in order to meet a deficit, offered a five-per-cent. stock at ninety-two for 54,347,800 florins, being about \$ 25,000,000. It was bid for twenty-five times over. The stock was paid for in paper, and is itself payable, principal and interest, in the same kind of money.

In 1880 the British export of coal amounted to £ 8,378,944, the average price being 8s. 11d. per ton. In 1873 the average export price was 20s. 11d. per ton, and in 1874 it was 17s. 3d.

During the year 1880, the net British silver export to India was £ 4,128,202, as compared with £ 5,920,436 in 1879, and to China (including Hong Kong) was £ 1,101,604, as compared with £ 178,584 in 1879.

During 1879 Great Britain exported £ 2,389,826 more gold than it imported, and in 1880 £ 4,247,449 more. During the same two years its exports of silver exceeded its imports by the sum of £ 503,526. In the case of silver, Great Britain

has some home production, chiefly from the manipulation of foreign ores and argentiferous lead.

The first India gold-mining company was "floated" in England in the fall of 1879. To the end of April, 1881, the number had increased to twenty-six, with a "subscribed" capital of £ 3,000,000, of which, however, the British *Mercantile Gazette* says that "more than half has gone to the vendors." Subscribed capital is one thing, and called and paid-up capital is another thing, but in these cases more than one-half of even the subscribed capital represents no new investment of money, actual, or prospective, but only the price which certain gold-mine vendors succeeded in placing upon their property.

We notice, from time to time, in London journals, columns of figures, showing large current investments in corporate undertakings, but when examined with any care, they do not appear to be of much more real importance than these India gold-mining companies. Vendors, who take their pay in shares, are not very modest anywhere in the prices they ask for their property. The accounts of "commitments of capital" by companies located in one single building on Broadway, in this city, if drawn up after the fashion of the London journals, would overtop everything of that kind which is reported in all England.

The truth is, there is very little demand in England for capital, as is abundantly shown by the unprecedented price of consols. Trade is depressed, and there is very little new expenditure on railroads. The best borrowing customers which the English have at this time are their colonies.

The London *Times* of May 10, observed: "The suggestion at the Monetary Conference by M. Cernuschi, French delegate, that an international subscription should recoup Germany the sum of £ 4,000,000 lost by selling silver caused amusement in banking circles."

AN ACCURATE PREDICTION.

The regularity with which population increases in the United States receives a striking illustration from the results of the census, as compared with estimates made some years ago in respect to our probable increase. In a paper, read before the American Association for the Advancement of Science, at Hartford, in August, 1874, Prof. E. B. Elliott gave an estimate of the population of the United States for each year from 1870 to 1880, based on the previous average annual growth. His estimate for 1880 differed by only 705,134 from the census. The accuracy of this estimate gives an increased value to his calculations for the intervening

years. His figures and those of the census compare as follows :

POPULATION OF THE UNITED STATES BY PROF. E. B. ELLIOTT'S ESTIMATE.

1870.....	38,558,371	....	1876.....	45,316,000
1871.....	39,555,000	....	1877.....	46,624,000
1872.....	40,604,000	....	1878.....	47,983,000
1873.....	41,704,000	....	1879.....	49,395,600
1874.....	42,856,000	....	1880.....	50,858,000
1875.....	44,000,000			
Population in 1880, according to census.....				50,152,866
Excess of estimate.....				705,134

Professor Elliott estimated the population of the country in 1780 at 3,070,000. On this basis our population has increased sixteen and one-third times in the century. So rapid a rate of increase cannot be expected to continue during the next century, as our population at that rate would reach the stupendous total of 816,000,000, or more than one-half the present population of the globe. Long before these figures can be reached the pressure upon our National resources will become so great as to reduce our rate of growth to that prevailing at present in older and more densely peopled countries.

The rate of increase during the last decade has been 30.06 per cent. against 22.65 per cent. in the decade 1860-70; 35.11 per cent. in 1850-60; 35.83 per cent. in 1840-50; 33.52 per cent. in 1830-40; 32.51 per cent. in 1820-30; 33.06 per cent. in 1810-20; 36.38 per cent. in 1800-10; and 35.10 per cent. in 1790-1800. Of this increase 2,293,645 came from the excess of immigration over emigration, against about 2,000,000 in the decade 1860-70; 2,400,000 in the decade 1850-60; 1,600,000 in the decade 1840-50; and 500,000 in the decade 1830-40. Previous to 1830 immigration was insignificant. These figures for the decades previous to 1870 are approximate only, as it is only since 1867 that a record has been kept showing the emigration from, as well as the immigration to, this country. Deducting the increase by immigration our natural rate of increase during the last decade has been about 9,301,000, or twenty-four per cent., against twenty-five per cent. in the decade 1850-60. The lower per cent. of gross increase in the last decade, as compared with that before the war, is therefore mainly due to the check given to immigration and the impetus given to emigration by the industrial paralysis prevailing in this country during so much of the last decade. It is gratifying to notice that, so far as it depends upon natural growth and not upon immigration, population has now resumed the rate of increase prevailing before the war. But for the check which the great conflict gave to increase of population, Prof. Elliott estimated that our numbers would have been 41,718,000 in 1870, and 54,017,000 in 1880.

THE OUTLOOK FOR INVESTMENTS OF CAPITAL.

We have referred several times, heretofore, to the discussions which have been going on in Europe, and particularly in Paris, within two or three years past, upon the question of the extent to which the fall in the rates of interest, which has been, upon the whole, continuous since 1873, may go. These discussions have received a new impetus from the success of the loan of 1,030,000,000 francs negotiated by France in March. The price obtained for that loan was not very high, or specially advantageous for the borrowing government, but the magnitude of the subscription, sixteen times the amount called for, has produced an impression of a very great abundance of capital, although it is everywhere well understood that the subscribers, expecting only very small *pro rata* allotments on their subscriptions, put their names down for sums vastly in excess of any means they possessed to make good.

Commenting upon this recent French loan, the London *Times* of March 17, observes :

We have simply another proof of the vast savings of modern societies, and the want of any proper outlet for them. The population and wealth of the great civilized communities increase yearly, and their industry produces a surplus for which there is no outlet in fixed works of an acceptable kind, so that the surplus presses on the markets for existing securities, and lowers the yield obtainable. No doubt during the last few years the forces of accumulation have been peculiarly unchecked. For many years there has been no first-class war in Europe in an economic view; the war between Russia and Turkey, which was great enough in one way, affecting almost exclusively the countries directly concerned, and not withdrawing capital from Western Europe. Even the Franco-German war itself, destructive as it was, by no means caused a loss of capital equal to the loss which France had to bear. The indemnity of five milliards, though France had to borrow the amount, was a mere transference of capital from one hand to another. Capital in the aggregate was not destroyed as far as this payment was concerned, and was, indeed, perhaps, much increased, the French people saving more than they would otherwise have done, and the Germans retaining in a capital form most of what they received. Hence the pressure of accumulations on the markets for investments in Europe. For many years there has been no waste in war compared with the resources of the countries concerned. At the same time there has been no sufficient creation of new securities by fixed works to use up the accumulating surplus. But the forces of accumulation are always acting with great strength, and although

there has lately been an unusual absence of checks, we doubt if all the checks now probable, compared with the resources of modern societies, would really have much effect. It is hard, indeed, to see what will be the end. So far as can be perceived, capitalists and investors must resign themselves for an indefinite period to a lower and lower yield. The only chances for them are that some day or other the great nations will engage in destructive wars of the old type—wars which must be truly gigantic if they are to involve a creation of securities that will greatly reduce present prices; or that a new speculative mania will seize the community to which they belong, and cause an unprecedented issue of unsound or fictitious securities in which capital may be largely wasted. But there is little prospect of either contingency being realized very soon. For a few years to come, while trade is improving and the issues of new companies are active, the rise in securities may be checked; but when times are once more dull and new companies have no credit, we shall see the tendency of securities to advance exhibiting renewed strength. It has always displayed itself when unchecked by the causes which we have above described.

Financial writers in Europe have a facility, which we have frequently admired, of treating the wars which have occurred in that quarter of the globe as terribly devastating and exhausting, or as really quite unimportant, as best suited the particular doctrine they wished at the moment to illustrate and enforce. When they were pointing out the causes of the depression which commenced in 1872-3, they never failed to insist upon the destruction of capital by the war between Italy and Austria which lasted three days, the simultaneous war between Prussia and Austria which lasted three weeks, and that crowning climax, the war between Germany and France, which was finished at Sedan in three months. At the present time, they can explain the excess of capital beyond the demand for it, by no other theory than that capital always expands disproportionately unless it is checked by "waste in war," and inasmuch as there now seems to be more capital than there is call for, it becomes necessary to affirm that the European wars of recent times have been altogether too short and too small, and that what is needed is, that the "great nations" should "engage in destructive wars of the old type—wars which must be truly gigantic."

The case does not call for any such heroic remedy as that. It is but an infinitesimally small part of the globe, which, in the sense of civilization and progressive improvement, can be called old and finished. Even of Europe, the larger part is still new and undeveloped. The opportunities for an employment of capital, which would be profitable under proper conditions, are for the present indefinitely great. Without doubt there has been a special tendency for the half dozen years past to keep capital in the form of money securities, and so long as that tendency exists, the prices of such securities will continue to rise, or, what is saying the

same thing in another form, the rates of interest realized from the ownership of such securities will continue to fall. But it is by no means certain that that special tendency will manifest itself much longer.

THE CLEARING-HOUSE SYSTEM.

Among the most potent agencies in our financial mechanism is the Clearing House. Its great utility in economizing the circulating medium, may be judged from the fact that in the year 1880 exchanges amounting to upwards of \$50,000,000,000 were effected by means of the Clearing Houses with the use of a little more than \$3,000,000,000 in cash, or a trifle over six per cent. Since the establishment of the Clearing-house system in this country it has, as nearly as can be ascertained, effected exchanges amounting to the enormous sum of \$710,000,000,000, with the use of only about \$48,000,000,000, or 6.8 per cent. in money or certificates, thus dispensing with the use of cash to the extent of more than ninety-three per cent. in these transactions. The actual cash used is considerably less than the Clearing-house balances, as these are paid in part by the use of gold certificates. As by means of the Clearing House every bank is able to set off the claims it holds on other banks against the claims they have upon it, paying or receiving only the difference in cash, commercial transactions in this, their highest stage of development and organization, return most nearly to the condition of barter which is their first stage. The last and highest form of barter is, however, very different from the crude form in which it first appears, and is no longer subject to the same disadvantages. Freed from these, it becomes capable of indefinite expansion, holding in possibility the solution of problems which have long engaged the attention of thinkers.

The peculiar constitution of our banking system, consisting as it does of many distinct institutions, makes the Clearing House a peculiarly important factor in effecting our exchanges. Accordingly, we have more Clearing Houses than any other country in the world, our transactions are larger and our leading Clearing House does a larger business than any other on the globe, having now outstripped that of London, the oldest Clearing House in the world. The following is a list of the twenty-six Clearing Houses in the United States, with the number of banks and the amount of their capital and surplus so far as the same is reported :

Clearing House.	When established.	No. of banks.	Capital.	Surplus.	Total.
New York.....	1853	57	\$ 60,475,200	\$ 33,181,160	\$ 93,656,360
Boston.....	1856	51	49,350,000	12,389,198	61,939,198
Philadelphia.....	1858	30	16,878,000	9,271,647	26,149,647
Chicago.....	1865	18	7,886,000	4,587,590	12,473,590
Cincinnati.....	1866	15	*5,065,000	*1,402,320	*6,467,320
St. Louis.....	1868	18	11,328,617	2,908,292	14,236,909
New Orleans.....	1872	10	4,875,000	1,034,403	5,909,403
Baltimore.....	1858	19	11,862,830	3,427,680	15,290,510
San Francisco.....	1876	14	22,000,000	8,000,000	30,000,000
Milwaukee.....	1868	9	*1,575,000	*467,756	*2,042,756
Louisville.....	1876	19	8,211,939	942,585	9,154,524
Pittsburgh.....	1866	17	*9,613,650	*3,799,075	*13,409,725
Kansas City.....	1873	5	825,000	196,435	1,021,435
Cleveland.....	1858	8	*3,700,000	*1,044,584	*4,744,584
Lowell.....	1876	7	2,500,000	728,162	3,228,162
Indianapolis.....	1871	14	3,484,000	*575,670	4,059,670
St. Paul.....	1874	7	*2,625,000	*719,185	*3,344,185
New Haven.....	1867	10	4,704,000	1,387,419	6,151,419
Hartford.....	1872	14	7,907,800	2,562,155	10,469,955
Columbus.....	1868	12	*612,500	226,571	839,071
Worcester.....	1861	8	2,450,000	650,056	3,100,056
Springfield.....	1872	9	3,300,000	1,380,293	4,680,293
Memphis.....	1879	6	1,478,300	264,729	1,743,029
Syracuse.....	1877	9	1,330,000	517,702	1,847,702
Norfolk.....	—	5	*450,000	*196,227	*646,227
St. Joseph.....	1877	3	233,850	55,852	289,702
Total, 26 Clearing Houses.....		394	\$ 244,981,686	\$ 91,913,746	\$ 336,895,432

Of the \$650,000,000 of banking capital in the United States \$245,000,000, or about thirty-eight per cent. is embraced in these Clearing Houses.

In 1877 there were twenty-three Clearing Houses in the United States, embracing 409 banks. Besides the regular Clearing Houses already named, two other cities at least have a system of exchanges which accomplishes the same purpose as the Clearing House. The banks of Portland, Me., six in number, with a capital of \$3,050,000, have had this system of clearings in operation since about 1865. On the basis of the transactions in January, 1881, the clearings would reach about \$40,000,000 annually and the balances about \$8,800,000. Providence, R. I., has a similar system. Nineteen banks are associated with the Merchants' National Bank and eighteen with the National Bank of North America. Each of these banks settles with the other and with its own banks daily. The Merchants' National Bank commenced this system in 1866, the National Bank of North America a few years earlier. No official record of the transactions has been preserved. The clearings as given by the *Public* of New York, have, so far as known, been as follows: In 1877, \$177,681,400; in 1878, \$160,071,200; in 1879 (52 weeks), \$155,328,100; in 1880, \$199,629,300.

The New York Clearing House commenced operations October 11, 1853. In March, 1872, an Exchange was established for gold transactions, which was discontinued after

*Capital and surplus of private bankers only partially reported.

January 1, 1879, when specie payments were resumed. Its balances are paid in coin, Clearing-house gold certificates, United States Clearing-house certificates and legal tenders. During the last Clearing-house year about seventy per cent. of the balances were paid in gold Clearing-house certificates, twenty-eight per cent. in coin and legal tenders, and two per cent. in United States certificates. The regular Clearing-house year ends October 1, but through the courtesy of the Manager, Mr. W. A. Camp, a table of clearings and balances for calendar years has been prepared, which is more convenient for the purpose of comparison with other Clearing Houses. The columns in the table below, giving the number of banks and the amount of bank capital in the Clearing House, are taken from a table in the report of the Comptroller of the Currency for 1880. This table refers to the years ending October 1, but is sufficiently approximate for practical purposes. The clearings for the last year were the largest on record. The year 1869 comes next to 1880 in the magnitude of the clearings, and 1872 stands third. The year of greatest depression was 1858, though 1861 was not much better. The worst year since 1873 was 1876, and next to it stands 1878. These were the only two years since 1863, during which the currency clearings fell below \$20,000,000,000. The figures are as follows:

CURRENCY TRANSACTIONS.

Calendar years.	No. of banks.	Capital of banks.	Currency exchanges.	Currency balances.	Balance to clearings. Per cent.
1853	—	—	\$ 1,304,865,880 09	\$ 71,224,747 31	5.46
1854	50	\$ 47,044,900	5,798,643,577 86	295,025,848 05	5.09
1855	48	48,884,180	5,673,672,235 39	299,354,003 41	5.27
1856	50	52,883,700	7,346,822,934 48	343,103,079 01	4.67
1857	50	64,420,200	7,196,090,638 68	347,680,981 95	4.83
1858	46	67,146,018	5,376,151,036 92	336,644,991 57	6.26
1859	47	67,921,714	6,598,822,894 13	364,592,694 99	5.52
1860	50	69,907,435	7,393,836,995 19	386,082,704 14	5.22
1861	50	68,900,605	5,516,379,209 52	357,181,781 32	6.47
1862	50	68,375,820	8,234,867,655 26	460,384,830 43	5.59
1863	50	68,972,508	17,427,700,507 54	732,877,845 44	4.20
1864	49	68,586,763	25,640,034,752 24	924,454,962 24	3.68
1865	55	80,363,013	25,857,959,828 39	1,033,385,025 56	3.99
1866	58	82,370,200	31,466,548,907 36	1,135,329,984 33	3.61
1867	58	81,770,200	25,811,232,860 87	1,075,460,009 48	4.17
1868	59	82,270,200	31,159,716,348 43	1,192,175,593 02	3.83
1869	59	82,720,200	35,541,088,264 86	1,061,688,225 58	2.99
1870	61	83,620,200	27,086,251,025 51	1,041,709,981 47	3.85
1871	62	84,420,200	30,643,002,816 21	1,263,366,650 79	4.12
1872	61	84,420,200	34,834,115,090 43	1,209,815,782 54	3.47
1873	59	83,370,200	28,325,017,327 08	1,051,377,527 35	3.71
1874	59	81,635,200	22,223,212,643 89	1,024,709,940 51	4.61
1875	59	80,435,200	22,475,359,338 61	1,106,139,172 24	4.92
1876	59	81,731,200	19,584,393,198 66	995,726,868 08	5.08
1877	58	71,085,200	21,285,278,472 70	1,005,887,388 26	4.72
1878	57	63,611,500	19,858,671,306 89	962,854,647 90	4.85
1879	59	60,800,200	29,235,646,829 40	1,449,874,992 74	4.96
1880	57	60,475,200	38,614,448,223 06	1,559,227,597 45	4.04
			\$ 547,509,830,799 65	\$ 23,105,277,917 76	4.22

GOLD AND CURRENCY TRANSACTIONS.

	Gold clearings.	Gold balances.	Gold balances to clearings. Per cent.	Total gold and currency clear- ings.	Total gold and currency bal- ances.	Total bal- ances to clear- ings. Per ct.
	\$	\$		\$	\$	
1853-71...	—	—	—	311,073,688,368 93	12,739,664,000 00	—
1872.....	4,535,456,412 83	296,765,840 10	19.3	36,369,571,503 26	1,506,581,622 64	4.14
1873.....	1,515,466,417 87	307,273,106 45	20.3	29,840,483,744 95	1,358,650,723 80	4.55
1874.....	2,226,832,247 89	332,395,085 26	14.9	24,450,044,891 78	1,357,105,025 77	5.55
1875.....	1,838,437,929 64	288,176,427 34	15.7	24,313,797,248 25	1,394,315,590 58	5.73
1876.....	1,892,262,725 74	311,417,519 67	16.4	21,476,655,624 40	1,307,144,388 35	6.09
1877.....	2,515,370,428 74	348,728,302 40	13.8	23,800,648,900 94	1,354,615,690 66	5.70
1878.....	2,542,456,769 73	351,561,231 02	13.8	22,401,128,076 62	1,314,415,878 02	5.87
1879.....	—	—	—	29,235,646,829 40	1,449,874,992 74	4.96
1880.....	—	—	—	38,614,448,223 06	1,559,227,597 45	4.04
Total.	14,066,282,911 94	2,236,317,602 24	15.9	561,576,113,711 59	25,541,595,520 00	4.51
				Aggregate clearings and balances, \$586,917,709,231 59		

The total clearings and balances combined amount to nearly twenty times the estimated value of all the real and personal property in the United States in 1870. As the transactions are larger so the balances are relatively smaller than in any other Clearing House, averaging only about four and a-half per cent. of the clearings. The gold exchange, where the clearings were so much smaller, showed balances relatively from three to five times as great. The transactions at New York overshadow in magnitude those of all the other Clearing Houses in the country, figuring for about seventy-eight per cent. of the grand total. Since January 1, two more banks have been admitted, making fifty-nine in all, with a capital of \$60,875,000.

For the purposes of comparison, it will be interesting to place alongside the transactions of the New York Clearing House those of the next largest Clearing House in the world. Though established about the year 1775, the London Clearing House, prior to May 1, 1867, published only occasional and fragmentary accounts of its transactions.

The London *Bankers' Magazine*, for April, gives the following analysis of the Clearing-house transactions at London for 1880:

Clearings on the fourths of the month.....	£ 236,809,000	. 4.09 per cent.
" " consol settling days.....	255,224,000	. 4.40 "
" " stock exchange settling day.....	1,151,867,000	. 19.88 "
" " days following stock exchange set- tling days.....	484,102,000	. 8.35 "
" " ordinary days.....	3,666,236,000	. 63.28 "
Total.....	£ 5,794,238,000	. 100.00 "

The following are the clearings by calendar years since May 1, 1867, date as compared with 1839 and 1840; the balances, which are settled by check on the Bank of England without the handling of cash, not being reported:

	<i>Sterling.</i>	<i>American currency at \$ 4 86-65 to the £.</i>
1839.....	£ 954,401,600	.. \$ 4,644,595,386
1840.....	974,580,000	.. 4,742,793,570
1867 (8 mos.).....	2,128,290,000	.. 10,357,323,285
1868.....	3,425,185,000	.. 16,662,662,802
1869.....	3,626,396,000	.. 17,647,856,134
1870.....	3,914,220,000	.. 19,048,551,620
1871.....	4,826,034,000	.. 23,485,892,241
1872.....	5,916,452,000	.. 28,792,413,658
1873.....	6,070,948,000	.. 29,544,268,442
1874.....	5,936,772,000	.. 28,891,300,938
1875.....	5,685,793,000	.. 27,669,911,635
1876.....	4,963,480,000	.. 24,154,775,420
1877.....	5,042,383,000	.. 24,538,756,870
1878.....	4,992,509,000	.. 24,296,045,048
1879.....	4,885,827,000	.. 23,776,877,095
1880.....	5,794,238,000	.. 28,197,659,227
Total, 1867-80....	£ 67,208,527,000	.. \$ 327,070,294,415

For the first quarter of the year 1881 the clearings were £ 1,587,067,000, or at the rate of £ 6,348,268,000 for the year, which, if reached, will be the highest on record. The amount of drafts paid through the Clearing House in 1810 was stated by Mr. Thomas, the inspector, at £ 4,700,000 daily, or about £ 1,410,000,000 (\$ 6,861,765,000) per annum, being nearly fifty per cent. more than in 1839. The balances were £ 220,000 daily, or not quite five per cent. of the clearings. The balances in 1839 were £ 66,275,600, or about seven per cent. of the clearings. The London Clearing House is quite exclusive in its arrangements. In 1810 the number of clearing bankers was forty-six, in 1840 twenty-nine, and it was lately only twenty-six. It will be noticed that the great depression in the Clearing-house transactions occurred somewhat later and was less in degree at London than at New York. The greater steadiness in the operations of the London Clearing House may be accounted for in part, at least, by the fact that there no change in the standard of value occurred, while here the transition from paper to gold had a far-reaching influence in depressing prices and causing an artificial shrinkage in our Clearing-house transactions.

There is no other Clearing House which, in volume of business, can approach those of London and New York—the two great settling centers—the one for the Eastern Continent, the other for North America.

In the United States Boston stands next to New York in respect both to the age of its Clearing House and to the importance of its transactions. The Boston Clearing House commenced business March 29, 1856, with twenty-nine banks having a capital of \$ 28,610,000. The number of banks has now reached fifty-one, with a capital of \$ 49,550,000. There are also twenty-three other banks in the vicinity that make their clearings through members of the association. Eleven of the Boston National banks, mostly in the annexed dis-

tricts, have never been members. No failure has ever occurred among the Clearing-house banks of Boston. The greatest depression in its exchanges was in 1862, but in 1864 they had recovered and touched the highest point reached previous to 1871. Neither the subsequent expansion previous to the crisis nor the depression afterwards was so great as in New York; the clearings of 1873, the highest reached previous to the late revival, being only \$302,000,000 greater than in 1864; and those of 1878, the point of extreme depression since the crisis, being only \$452,000,000, or seventeen per cent. less than in 1873. In New York the fall from the highest to the lowest point was forty-four per cent. As a consequence of the fact that the transactions are smaller than at New York, the balances are relatively larger, averaging 11.8 per cent. of the clearings. While the clearings have amounted to only one-eleventh, the balances have been about one-quarter those of New York. The following table shows the number and capital of the banks associated, and the clearings and balances at Boston by calendar years:

Cal-endar years.	No. of banks at end of year.	Capital at end of year.	Exchanges.	Balances.	Balances to clearings. Per cent.
1856....	32	\$ 30,760,000	\$ 1,057,358,514	\$ 77,576,284	7.3
1857....	34	31,560,000	1,395,344,685	121,160,094	8.7
1858....	37	33,303,000	1,175,832,000	111,198,000	9.5
1859....	39	35,931,700	1,443,750,000	128,594,000	8.9
1860....	42	38,231,700	1,528,424,000	133,190,000	8.7
1861....	42	38,231,700	1,213,918,000	119,002,298	9.8
1862....	42	38,231,700	912,098,000	134,331,295	14.7
1863....	41	38,031,700	1,720,839,000	202,624,396	11.8
1864....	42	38,812,100	2,365,384,000	253,980,682	10.7
1865....	42	41,900,000	2,341,889,000	279,284,873	11.9
1866....	42	41,900,000	2,262,939,930	262,159,773	11.6
1867....	42	41,900,000	1,866,200,886	229,903,997	12.3
1868....	44	42,300,000	2,007,688,940	244,512,213	12.1
1869....	44	47,350,000	2,124,213,630	235,189,430	11.1
1870....	45	47,350,000	2,147,492,884	244,164,149	11.4
1871....	46	48,050,000	2,392,345,566	285,251,990	12.4
1872....	46	48,350,000	2,622,319,417	300,380,161	11.5
1873....	48	49,350,000	2,667,477,740	302,604,053	11.3
1874....	48	50,050,000	2,501,094,148	303,066,619	12.1
1875....	51	51,350,000	2,502,594,359	326,579,927	13.0
1876....	51	51,350,000	2,283,729,198	319,629,049	14.0
1877....	51	51,850,000	2,336,197,949	317,550,446	13.6
1878....	51	50,300,000	2,215,655,502	312,375,482	14.1
1879....	51	49,500,000	2,674,429,602	365,821,134	13.7
1880....	51	49,550,000	3,326,343,166	424,429,921	12.8
Total....			\$ 51,086,460,116	\$ 6,034,560,266	11.8

Next to the Boston Clearing House in importance is that of Philadelphia, comprising thirty banks, with a capital of \$16,878,000. It commenced operations March 22, 1858. The smallest transactions recorded in any whole year were those of 1861, but in 1864 they reached the highest point touched previous to 1880, except in the two years, 1871 and 1873, when the transactions only slightly exceeded those of 1864. The exchanges declined to their lowest point, since the crisis,

in 1878, when they were forty per cent. below the largest total previously reached in 1873. The following are the transactions for calendar years:

	<i>No. of banks.</i>	<i>Exchanges.</i>	<i>Balances.</i>	<i>Balances to clearings. Per cent.</i>
1858 (March 22 to Dec. 31).	—	\$663,707,304	\$44,772,132	6.7
1859.....	—	1,026,715,543	64,213,066	6.2
1860.....	—	1,099,817,008	72,395,750	6.6
1861.....	—	771,071,475	69,863,049	9.1
1862.....	—	965,684,303	82,874,087	8.6
1863.....	—	1,285,910,085	118,969,364	9.2
1864.....	—	2,037,729,221	148,180,903	7.3
1865.....	—	1,908,500,019	160,897,767	8.4
1866.....	—	1,765,682,747	156,401,271	8.8
1867.....	—	1,641,019,119	161,698,268	9.9
1868.....	—	1,740,641,117	165,289,731	9.5
1869.....	—	1,856,079,822	160,057,524	8.6
1870.....	—	1,803,941,184	163,481,564	9.1
1871.....	—	2,165,245,831	191,840,918	8.8
1872.....	—	2,004,469,538	194,554,050	9.7
1873.....	—	2,189,368,911	195,428,300	8.0
1874.....	—	1,822,064,262	178,431,680	9.8
1875.....	28	1,833,745,670	182,210,212	9.9
1876.....	28	1,822,212,159	181,706,547	10.0
1877.....	28	1,522,920,590	164,545,302	10.8
1878.....	28	1,315,837,297	147,025,957	11.2
1879.....	28	2,027,743,334	175,700,263	8.6
1880.....	30	2,354,846,429	208,239,348	8.8
Total.....		\$37,624,982,968	\$3,388,778,653	9.0

Few eastern Clearing Houses can show so striking a record of growth as that of Chicago. This association was formed March 10, 1865. The number of banks at the close of 1880 was eighteen, with a capital of \$7,886,000. The growth, in its transactions, showed no interruption until 1876, and the exchanges in 1878, the lowest point subsequently reached, were only twenty per cent. below those of 1875. Balances are not reported. The number of banks connected with the Clearing House at the close of each year, and the aggregate annual exchanges have been as follows:

	<i>No. of banks.</i>	<i>Exchanges.</i>		<i>No. of banks.</i>	<i>Exchanges.</i>		
1865	20	\$319,606,228	42	1873	30	\$1,047,027,828	33
1866	25	453,798,648	11	1874	26	1,101,347,918	41
1867	23	580,727,331	43	1875	24	1,212,817,207	54
1868	25	723,293,444	91	1876	22	1,110,093,624	37
1869	24	734,661,949	91	1877	19	1,044,678,495	70
1870	26	810,676,036	28	1878	18	967,184,093	07
1871	26	868,936,754	64	1879	18	1,257,756,124	31
1872	29	993,060,503	47	1880	18	1,725,684,864	85
Total, 16 years.....						\$14,951,351,063	75

The Clearing Houses already mentioned are the only ones whose exchanges reach one billion a year. That of Cincinnati comes next in the amount of its business. It was established April 5, 1866, and the Clearing-house year ends March 31. Its smallest transactions were recorded in the year 1878-79, being nearly \$100,000,000 less than during its

first year, and twenty-seven per cent. below the highest total previously reached in 1875-76. Its transactions for calendar years cannot be given. For Clearing-house years they have been as follows :

	<i>Exchanges.</i>		<i>Balances.</i>		<i>Balances to clearings Per cent.</i>
1866-67.....	\$ 601,464,398	..	\$ 92,247,568	..	15
1867-68.....	630,227,747	..	87,763,345	..	14
1868-69.....	641,876,554	..	81,982,066	..	13
1869-70.....	637,427,968	..	97,977,413	..	15
1870-71.....	629,763,428	..	94,527,781	..	15
1871-72.....	640,255,889	..	89,463,920	..	14
1872-73.....	695,952,682	..	96,007,569	..	14
1873-74.....	665,530,127	..	94,231,761	..	14
1874-75.....	682,453,551	..	101,768,872	..	15
1875-76.....	702,223,896	..	127,345,568	..	18
1876-77.....	629,898,248	..	91,099,782	..	14
1877-78.....	588,227,641	..	80,989,467	..	14
1878-79.....	508,936,000	..	No record.	..	—
1879-80.....	608,600,000	..	"	..	—
1880-81.....	758,292,700	..	"	..	—
Total.....	\$ 9,621,130,829				

The St. Louis Clearing House was organized November 2, 1868, and began business December 24, 1868. Its transactions by calendar years, from its commencement, are given below, as officially furnished by the Manager, Mr. E. Chase; the clearings being just one-half the amounts given by some previous authorities, a result evidently due to the different methods in which the accounts are made up. The number of banks outside of the Clearing House has varied from twenty in 1873 to seven now. The transactions are as follows :

	<i>No. of banks.</i>	<i>Capital at end of year.</i>	<i>Exchanges.</i>	<i>Balances.</i>	<i>Balances to clearings. Per cent.</i>
1869	34	No statement.	\$ 321,794,648	* \$ 80,000,000	25
1870	35	"	390,477,273	* 97,500,000	25
1871	37	"	432,152,385	101,665,570	24
1872	41	\$ 20,196,039	498,792,310	100,695,942	20
1873	41	19,176,596	551,951,451	119,438,984	22
1874	39	19,892,761	607,967,427	143,646,211	23.6
1875	38	19,559,542	575,686,327	121,199,764	20
1876	38-33	17,884,796	518,343,600	87,576,434	17
1877	33-25	13,058,210	494,888,761	75,703,899	15
1878	24	12,406,019	478,634,441	85,877,281	18
1879	22-18	10,995,963	559,684,128	97,112,269	17
1880	18	11,328,617	711,459,489	119,927,074	17
Total.....			\$ 6,141,832,240	\$ 1,230,343,428	20

Here, again, the extreme depression occurs in 1878, the decline being twenty-one per cent. from the highest figures reached.

The Baltimore Clearing House, though established in 1858, ten years before that of St. Louis, has not quite kept pace with the latter in the amount of its business. No complete report of its transactions can be obtained. To the enter-

* Estimated, no record.

prise of the *Public*, in collecting statistics of this character, we are indebted for the following figures showing its clearings for the past six years :

1875.....	\$ 579,545,000	..	1878.....	\$ 504,089,159
1876.....	530,487,590	..	1879.....	598,172,321
1877.....	541,169,831	..	1880.....	682,904,049

The San Francisco Clearing House, though but recently established, ranks among the more important institutions of the kind in regard to the amount of its business. It was organized February 8, 1876, and clearings commenced March 11th, 1876. The capital of the incorporated State and National banks is stated by the Manager at \$9,000,000, that of foreign banks about \$7,000,000, and that of private banks at \$6,000,000. The maximum transactions are recorded in 1878, showing in this respect the exact reverse of the conditions obtaining in other parts of the Union. The number of banks in the Clearing House at various dates and the amount of business each year have been as follows :

	<i>No. of banks.</i>	<i>Exchanges.</i>	<i>Balances.</i>	<i>Balances to clearings. Per cent.</i>
1876.....	15	\$ 476,123,237 97	\$ 104,804,707 74	22
1877.....	15-20	519,948,803 68	126,172,850 21	24
1878.....	16	715,329,319 70	151,888,434 05	21
1879.....	16-15	553,953,955 90	129,561,079 52	23
1880.....	15-14	480,725,953 77	118,046,934 94	24
Total.....		\$ 2,752,081,271 02	\$ 630,474,006 46	22.2

The New Orleans Clearing House began operations June 1, 1872, at which date the Clearing-house year ends. No complete report of its transactions by calendar years exists. The following are the transactions for Clearing-house years :

	<i>No. of banks.</i>	<i>Exchanges.</i>	<i>Balances.</i>	<i>Balances to clearings. Per cent.</i>
1872-73....	15	\$ 501,716,239 06	\$ 58,933,605 49	11.5
1873-74.....	14	476,235,854 96	52,751,419 86	11
1874-75.....	16	406,829,292 01	45,293,424 66	11.1
1875-76.....	15	426,266,105 89	47,937,793 62	11.2
1876-77.....	15	414,527,870 21	47,296,575 14	11.4
1877-78.....	14	428,750,803 03	46,341,330 11	10.8
1878-79.....	12	372,651,150 10	44,579,081 67	12
1879-80.....	10	433,011,636 52	46,157,056 22	10.7
Total.....		\$ 3,459,988,951 78	\$ 389,290,286 77	11.2

The transactions of the year 1878-79 were affected by the yellow-fever epidemic, which visited the Southwest at that time.

The Milwaukee Clearing House was organized December 1, 1868, and down to, and including, 1874, it showed a large and steady increase of business. At that time a severe reaction set in which culminated in 1878 in a reduction of its exchanges amounting to thirty-two per cent. It was only in 1880 that they again reached the figures of 1874. The following are the transactions :

	<i>No. of banks.</i>	<i>Exchanges.</i>	<i>Balances.</i>	<i>Balances to clearings. Per cent.</i>
1869.....	9	\$ 178,578,544 94	\$ 34,515,050 46	19
1870.....	"	204,947,010 34	37,706,395 62	18
1871.....	"	216,244,471 42	44,547,713 26	21
1872.....	"	237,479,622 72	43,713,063 48	18
1873.....	"	302,585,906 06	53,392,550 00	18
1874.....	"	315,584,544 00	53,425,372 00	17
1875.....	"	305,358,008 00	51,466,372 00	17
1876.....	"	266,639,434 00	44,881,230 00	17
1877.....	"	289,770,372 99	40,514,610 26	14
1878.....	"	215,666,729 18	62,981,205 98	29
1879.....	"	285,288,040 06	45,153,822 72	15
1880.....	"	316,309,007 78	53,145,200 96	17
Total.....		\$ 3,134,451,691 49	\$ 565,442,586 74	18

Three banks and bankers clear through members of the Clearing House.

The Pittsburg Clearing House began business in February, 1866, from which time to 1873 inclusive, its transactions showed an uninterrupted increase, after which the decrease was equally steady, until in 1878 the exchanges were thirty-six per cent. below those of 1873. The following is the record :

	<i>Clearings.</i>	<i>Balances.</i>	<i>Balances to clearings. Per cent.</i>
1866.....	\$ 83,731,242 17	\$ 20,850,179 68	25
1867.....	97,157,556 03	21,029,633 34	22
1868.....	115,296,621 33	23,558,130 74	20
1869.....	156,880,910 90	29,832,017 41	19
1870.....	178,409,905 51	31,067,296 69	17
1871.....	215,201,413 59	34,344,435 19	16
1872.....	284,859,477 08	42,494,596 94	15
1873.....	295,754,858 83	41,605,069 84	14
1874.....	257,548,600 75	39,774,303 85	15
1875.....	233,160,448 36	41,168,203 05	18
1876.....	224,758,910 43	44,617,207 14	20
1877.....	223,569,252 09	42,772,655 16	19
1878.....	189,771,695 27	37,128,770 30	20
1879.....	217,982,649 43	44,009,316 73	20
1880.....	297,804,747 21	62,214,180 37	21
Total...	\$ 3,071,888,288 98	\$ 556,465,996 73	18

The Louisville Clearing House began operations January 3, 1876; the membership comprising all the chartered banks in the city except the Franklin Bank and the Savings Bank of Louisville. The clearings, as reported in the *Public*, have been as follows :

	<i>Clearings.</i>		<i>Clearings.</i>
1876.....	\$ 203,564,662 ..	1879.....	\$ 255,856,816
1877.....	227,760,417 ..	1880.....	299,114,426
1878.....	209,949,954 ..		
Total.....			\$ 1,196,246,275

The Kansas City Clearing House was organized in April, 1873, with ten banks, reduced in 1875 to eight, and in 1878 to four. In 1879 the number was increased to five, at which it still remains. Its exchanges, so far as reported, have been as follows :

	<i>Exchanges.</i>			<i>Exchanges.</i>
1874.....	\$ 47,584,929	..	1878.....	\$ 41,000,317
1875 about	55,000,000	..	1879.....	68,280,251
1876.....	62,835,413	..	1880.....	101,330,000
1877.....	69,179,011	..		

The Indianapolis Clearing House went into operation February 1, 1871. Its exchanges are reported as follows :

	<i>Exchanges.</i>		<i>Exchanges.</i>		<i>Exchanges.</i>		
1871..	\$ 33,000,000	..	1875..	\$ 65,000,000	..	1879....	\$ 64,169,990
1872..	42,000,000	..	1876..	59,000,000	..	1880....	85,951,025
1873..	45,000,000	..	1877..	56,966,650	..		
1874..	52,000,000	..	1878..	56,215,635	..	Total.	\$ 559,303,300

The Worcester Clearing House was established in 1861. No complete statement of its transactions has hitherto appeared, but through the courtesy of the Manager, Mr. L. W. Hammond, the following complete record has been prepared :

	<i>No. of banks.</i>	<i>Exchanges.</i>	<i>Balances.</i>	<i>Balances to clearings. Per cent.</i>
1861.....	6	\$ 6,051,763	\$ 1,517,131	25
1862.....	6	6,593,102	1,852,093	28
1863.....	6	7,953,081	2,469,424	31
1864.....	7	10,314,804	3,497,500	34
1865.....	7	9,046,438	3,801,862	42
1866.....	7	10,562,654	4,031,128	38
1867.....	7	10,731,020	3,791,295	35
1868.....	7	12,101,459	3,853,940	32
1869.....	7	14,381,607	4,354,917	30
1870.....	7	15,086,237	4,797,369	32
1871.....	8	22,322,005	6,055,232	30
1872.....	8	27,160,968	8,248,322	34
1873.....	8	29,021,671	9,328,295	32
1874.....	8	29,021,632	9,568,497	33
1875.....	9	28,931,349	9,843,548	34
1876.....	9	25,169,157	9,125,700	36
1877.....	9	26,401,903	9,739,630	37
1878.....	8	25,593,657	9,310,277	36
1879.....	8	25,417,758	9,149,802	36
1880.....	8	33,648,550	11,440,896	34
Total...		\$ 375,510,875	\$ 126,376,858	33½

The Springfield Clearing House began operations December 23, 1872. The capital of the banks composing the organization has increased from \$ 2,950,000 in 1878, to \$ 3,300,000 now. One additional bank has joined since 1878, bringing the number up to nine. Its transactions have been as follows :

	<i>Exchanges.</i>	<i>Balances.</i>	<i>Balances to clearings. Per cent.</i>
1872 (7 days)..	\$ 604,818	\$ 138,255	23
1873.....	31,495,171	9,863,604	31
1874.....	29,691,073	8,957,448	30
1875.....	29,095,057	8,830,050	30
1876.....	26,032,555	8,673,555	33
1877.....	24,749,047	8,513,283	34
1878.....	22,313,256	7,238,647	32
1879.....	25,782,513	7,865,976	30
1880.....	31,847,911	9,951,271	31
Total.....	\$ 221,611,401	\$ 70,032,089	31

The Lowell Clearing House commenced operations in March, 1876, with seven banks. Its transactions since that date are officially reported as follows :

	Exchanges.	Balances.	Balances to clearings. Per cent.
1876.....	\$9,586,472 37	\$3,700,583 80	39
1877.....	12,958,422 52	4,838,609 18	37½
1878.....	13,020,908 20	4,609,330 70	35
1879.....	15,108,675 28	5,485,076 20	36
1880.....	19,981,950 60	7,256,191 49	36
Total ...	\$70,656,428 97	\$25,889,791 37	36½

The Memphis Clearing House was organized November 15, 1879. The clearings for 1880 were \$47,860,740.66 and the balances \$10,636,864.70, or twenty-two per cent. of the clearings.

The Cleveland, New Haven, Columbus and Syracuse Clearing Houses formerly published no reports. Within recent years their transactions have been reported in the *Public*, from which the following statistics of their exchanges are taken :

	Columbus.	Cleveland.	Syracuse.	New Haven.
1875..	\$19,665,415	—	—	—
1876..	25,759,303	—	—	—
1877..	27,128,731	\$65,668,271	\$17,299,123	\$30,703,999
1878..	24,302,569	58,177,750	14,961,611	34,199,075
1879..	30,538,019	65,070,562	14,908,455	38,075,930
1880..	44,068,189	85,696,156	17,296,588	50,361,513

The year 1881, thus far, shows a great increase in the amount of clearings over 1880. The following are the comparative figures for the first quarter of each year, as given by the *Public* :

	1881. First Quarter.	1880. First Quarter.	Increase or Decrease. Per cent.
New York.....	\$13,270,718,574	\$9,638,030,679	+37.7
Boston.....	1,003,552,565	873,898,669	+14.8
Philadelphia.....	660,675,105	610,517,823	+8.2
Chicago.....	417,221,457	378,305,234	+10.3
Cincinnati.....	201,074,100	170,928,300	+17.6
St. Louis.....	175,464,043	175,614,947	— .1
Baltimore.....	173,276,227	156,612,715	+10.6
New Orleans.....	155,961,675	155,064,400	+ .6
San Francisco.....	163,340,489	115,597,023	+41.3
Louisville.....	93,191,666	69,716,737	+33.7
Pittsburgh.....	81,809,104	73,875,647	+10.7
Milwaukee.....	70,599,562	73,081,471	- 3.4
Providence.....	53,635,600	52,756,700	+ 1.7
Indianapolis.....	25,379,819	20,292,973	+25.1
Kansas City.....	26,177,500	21,707,400	+25.2
Cleveland.....	21,008,982	19,419,229	+8.3
Hartford*.....	20,300,049	18,243,317	+11.3
New Haven*.....	13,940,203	12,211,807	+14.2
Columbus.....	11,419,324	10,933,167	+4.5
Worcester.....	8,808,278	7,538,913	+16.7
Springfield.....	8,413,860	7,785,862	+8.1
Lowell.....	5,198,868	4,892,830	+6.3
Syracuse.....	4,268,887	4,187,499	+2.0
Total 23 Clearing Houses.	\$16,665,435,937	\$12,671,183,252	+31.5
Outside New York.....	3,394,717,393	3,933,152,573	+11.9

* Thirteen weeks ending April 2, 1881, and April 3, 1880.

So marked an increase, in spite of interruptions to business by snows and floods, shows the momentum acquired by the great industrial forces of the nation, and attests, in the most convincing manner, the substantial character of the business revival. Should the remaining three quarters fulfill the promise of the first quarter, the exchanges of all our Clearing Houses for the year 1881 will reach the unprecedented amount of sixty-six millions.

Information is wanting in regard to the St. Joseph, St. Paul and Norfolk Clearing Houses. Most of the Clearing Houses not reporting are relatively unimportant as regards the amount of their business, but they cannot afford, for that reason, to overlook the importance of preserving for future reference a record of their transactions. As a matter of local history such a record is of the highest value. Future years of development will reflect a new and growing interest on these apparently insignificant beginnings. For purposes of comparison the value of such a record is greatly increased by making it up for calendar years.

The following are the comparative aggregates of all our Clearing Houses so far as they can be made up from existing data; the clearings at New Orleans and Cincinnati entering into the totals being for Clearing-house years, all the rest for calendar years.

	Whole No. of Clearing Houses.	No. of Clearing Houses reporting.	Aggregate Exchanges.	Outside of New York.	No. of Clearing Houses not reporting.
1853 (3 mos.)	1	1	\$ 1,304,865,880	—	—
1854	1	1	5,798,643,578	—	—
1855	1	1	5,673,672,235	—	—
1856	2	2	8,404,181,448	\$ 1,057,358,514	—
1857	2	2	8,591,435,324	1,395,344,685	—
1858	5	3	7,215,690,341	1,839,539,304	2
1859	5	3	9,069,288,437	2,470,465,543	2
1860	5	3	10,022,078,003	2,628,241,008	2
1861	6	4	7,507,420,447	1,991,041,238	2
1862	6	4	10,120,143,060	1,885,275,405	2
1863	6	4	20,442,402,673	3,014,702,166	2
1864	6	4	30,053,462,777	4,413,428,025	2
1865	7	5	30,437,001,513	4,579,041,685	2
1866	10	7	36,644,728,128	5,178,179,221	3
1867	11	7	30,637,295,773	4,826,062,912	4
1868	12	7	36,400,613,930	5,240,897,582	5
1869	14	9	41,565,106,378	6,024,018,113	5
1870	14	9	33,267,044,554	6,180,793,529	5
1871	15	10	37,628,706,243	6,985,703,427	5
1872	17	11	43,776,270,157	7,406,698,654	6
1873	19	12	38,167,413,521	8,326,929,776	7
1874	20	13	32,372,668,281	7,922,623,369	7
1875	20	15	32,813,448,382	8,549,661,133	5
1876	23	18	30,175,355,346	8,700,699,421	5
1877	25	22	32,513,044,838	8,712,395,937	3
1878	25	22	30,600,786,048	8,199,660,971	3
1879	25	22	39,150,445,402	9,914,798,573	3
1880	28	23	50,724,616,647	12,110,168,424	5
Total			\$ 701,127,832,344	\$ 139,553,718,635	
Estimated clearings not reported			9,000,000,000	9,000,000,000	
			\$ 710,127,832,344	\$ 148,553,718,635	
Per cent. of total outside of New York,				21.	

Of foreign Clearing Houses there remain to be noticed those of Paris, Vienna, Manchester, and Melbourne, Australia. The Paris Clearing House was organized in 1872, and comprised in October, 1879, fifteen banks and banking houses. The clearings comprise bills of exchange and all other paper; if confined to checks alone the aggregate would be much smaller than it is. The number of members was originally seventeen, but subsequently fell to nine by the withdrawal of houses whose business was of small importance. Subsequent additions brought the number up to fifteen. The clearings, as given in the correspondence of the London *Economist*, have been as follows:

1873.....	2,142,000,000 francs.	....	\$ 413,406,000
1874.....	2,009,000,000 "	....	387,739,000
1876.....	2,598,000,000 "	....	501,414,000
1877.....	2,628,000,000 "	....	507,204,000
1878.....	2,363,808,618 "	....	456,215,063
1879.....	2,928,748,615 "	....	565,248,483
1880.....	3,835,218,962 "	....	740,197,260

For the first quarter of 1881 the clearings have been 1,194,291,864 francs, or at the rate of 4,777,167,456 francs for the year; a gain of nearly twenty-five per cent. on 1880.

The Paris Clearing House ranks in the amount of its business only with those of Cincinnati, St. Louis and Baltimore, although the population of Paris is fifty per cent. greater than that of New York, and international transactions of great magnitude are settled there. One reason of this is, no doubt, that the Bank of France is itself a vast Clearing House through which a large number of settlements are made. The clearings at the central office for several years have been as follows:

1874.....	\$ 4,402,000,000	....	1877.....	\$ 4,187,000,000
1875.....	5,621,000,000	....	1878.....	4,751,000,000
1876.....	4,878,000,000	....	

These figures indicate that a far larger amount of settlements are made through the Bank of France than through the Bankers' Clearing House. Another and stronger reason for the smaller amount of clearings is, the limited use that is made of banking facilities in France. With fifty millions of inhabitants the United States uses only about half as much currency as France with a population of thirty-seven millions. Here a transfer of credit on the books of a bank performs the result which there is accomplished by the payment of actual cash. Hence, France has a large amount of cash and small clearings, while the United States has relatively much less cash and very large clearings.

The Vienna Clearing House, like that of Paris, was established in 1872. Its functions appear to be more extensive than those of the other Clearing Houses mentioned. It comprises not only banks and bankers, but railways, iron works, insurance companies, merchants and business men, who have their bills paid by the Clearing House. Its busi-

ness for the past nine years, as given below from the Vienna correspondence of the London *Economist*, illustrates the business depression as well as the recent revival in Austria :

	<i>In cash.</i>	<i>Stocks and Securities.</i>	<i>Bills of Exchange and Checks.</i>		
			<i>Transactions.</i>	<i>Compensation. Per cent.</i>	<i>Cash payments.</i>
	<i>Florins.</i>	<i>Florins.</i>	<i>Florins.</i>		<i>Florins.</i>
1872.....	2,525,352,149	1,769,913,616	15,933,524	45	8,686,116
1873.....	2,781,033,157	1,759,214,568	49,207,439	60	19,765,258
1874.....	1,378,456,760	643,597,131	42,822,906	56	18,788,668
1875.....	1,563,162,022	630,020,307	50,737,316	61	19,555,565
1876.....	1,622,193,391	462,102,771	81,315,815	54	37,598,485
1877.....	2,554,959,172	870,759,894	108,567,920	67	35,851,445
1878.....	2,895,088,778	1,170,172,754	117,903,765	68	38,541,476
1879.....	4,451,683,261	2,216,172,862	135,258,847	66	46,819,976
1880.....	5,835,469,432	3,162,575,156	135,777,473	68	46,403,361
Total.....	25,607,398,122	12,684,529,059	737,525,005	63	272,010,350

The clearings proper, in our sense of the term, represented by the first column under the heading of "bills of exchange and checks," reached, in 1880, only \$61,000,000, or but little more than those of New Haven. The balances paid averaged thirty-seven per cent. of the clearings.

In Great Britain there are, besides the London Clearing House, similar establishments at Manchester and Newcastle, and perhaps at other places. The Manchester Clearing House was also established in 1872, operations being commenced July 15. The average daily clearings were £226,160 in 1872, £237,150 in 1873, and £247,930 in 1874. For the first sixteen weeks of 1875 they averaged £1,579,926 weekly, and for the corresponding period in 1876 £1,661,718, or at the rate of £82,000,000 and £86,000,000 respectively per annum. In 1877 the clearings were £85,691,000, in 1878 £85,895,000, in 1879, £84,218,000, and in 1880 (52 weeks) £100,397,623, being in round numbers \$488,600,000, or about the same as those of San Francisco. For the fourteen weeks ending April 2, the clearings have been £29,442,181, or at the rate of £117,768,724 for the current year, an increase of about seventeen per cent.

The Melbourne Clearing House was organized in September, 1867, but particulars are wanting. In 1878 its business was about \$518,570,000; in 1879, about \$487,000,000; and in 1880, about \$525,000,000. For the first eight weeks of the current year the clearings have been at the rate of \$760,000,000 per annum, showing that Australia is beginning to feel the "boom."

The foregoing are all the Clearing Houses known to exist at the present time in the world. The growth of the system in the era of industrial and commercial development, upon which we have just entered, will deserve the careful study both of political economists and men of business.

EVERETT, Mass., May, 1881.

DUDLEY P. BAILEY.

[CONTRIBUTED.]

THE VALUE OF MONEY DOES NOT DEPEND UPON
ITS MATERIAL OR COST OF PRODUCTION.

The value in exchange of paper money, whether redeemable in coin or irredeemable, and whether it has a forced circulation as a legal tender or a circulation merely voluntary and by common consent, is precisely the same kind of value which metallic money possesses. The value of both is determined in the same way, that is to say, by the test of actual employment in the market, and is whatever can be purchased with them.

It is often said of coined money, by way of contrasting it with paper money, that it possesses a value which is "real," "intrinsic" and "inherent," but the value which is intended by the persons who use those words, is a very different thing from the value in exchange of the money. They mean that, unlike paper money, the material of which metallic money is made has a value, and in saying that they sometimes have reference to the value in exchange of such material, and sometimes they have reference to the useful purposes to which such material can be applied by the possessor of it. What is thus said as to the value of the material of metallic money is certainly beyond dispute, and it is equally true that the material of paper money has no value except what is so inappreciably small that it may be entirely disregarded. But what is the relation between the value of anything which is fashioned and adapted to a special use, and the value of the material out of which such thing is made? What are the limits of the effect of the value of the material upon the value of the thing? To both these questions the answer is plain, that the recoverable value of the material is the minimum below which the value of the thing cannot fall, but it is not necessarily the maximum above which the value of the thing cannot rise, and it is rarely the maximum to which the value of the thing does rise. The recoverable value of the iron and steel in a machine fixes the lowest limit of the value of the machine, but its highest limit is determined by considerations into which the value of the iron and steel does not enter at all. What is properly deducible from the two facts, (1) that the material of metallic money is valuable, and (2) that the material of paper money is valueless, is precisely this and no more, that the holder of coin is sure of the value of the metal, even if the coin is demonetized,

while the holder of paper money, if its monetary value is lost, has no value left.

In the case of metallic money, its value will not exceed that of the material of which it is manufactured, if the Government coins without charge, and coins for everybody who brings metal to the mint. But there is, theoretically, no limit to the extent to which the value of coins may be enhanced above the value of the metal in them, if the Government chooses to make a State monopoly of coining money in general, or of coining particular descriptions of money. The extent to which the value of some coins is actually enhanced in that way above the value of the material in them, is very great. It is not far from five for one in the nickel and bronze coinages in this country and in Europe. It is not far from one-fifth in the silver coinage in this country, and is rather more than that in most of the silver-using countries in Europe. There is no more difficulty in subjecting coinages, than there is in subjecting the manufacture and sale of tobacco or salt, to a State monopoly.

Upon the same principles which govern coin, paper money would have no value above that of the material of which it is made, or, in other words, would have no value at all, if Government would issue it without charge to everybody who would bring paper to receive the monetary stamp. But if its issue is made a State monopoly, and if no other money is permitted to circulate, an aggregate value may be secured to it in any given country, equal to the greatest possible value which the whole money of such country could possess, of whatever material it might be composed.

Many writers have maintained that things possess value in exchange only in proportion to the labor expended on them, or other species of cost involved in producing them. Stated summarily, the rule laid down by them is, that value in exchange is created and determined as to its extent by the cost of production.

Such a rule is contradicted by the common observation and knowledge of mankind. It is true of innumerable things having a high degree of value in exchange, that they are a mere gift of nature; and it is also true of innumerable other things upon which labor has been expended, that they have no value in exchange. Timber in the forest, coal in the mine, land fit in its primitive state for agriculture, or land needed for occupation by reason of being located in towns and cities, gold and precious stones found by chance, may all have a great value, although they have cost nothing. Value in exchange is not produced by the labor expended on a book which nobody will buy, on a house for which no tenant can be found, on a wharf to which no vessel comes, on an object of taste which is out of fashion, or by a machine or utensil which has been superseded in use by

something which mankind think is better. If labor produced value, the relative values of things would depend upon the amount of labor expended on them, and the policy of every producer would be to put the utmost possible labor upon everything he prepared for the market, in order to get a higher price for it. On the contrary, he begins to produce with a price already current, and which he hopes will not fall, and he expends as little labor in the production as possible. It is the man who produces the greatest results with the least labor who most benefits himself and most benefits the public; whereas, if labor was the origin of value, it would be the man who was the most prodigal of labor upon everything he produced. If value was equal to the cost of production, no manufacturer would ever make a loss on his wares, and no farmer ever make a loss on his crops,

No conceivable amount of labor will of itself necessarily produce value in exchange. In order that an article may have such value, it is necessary (1) that there should be such a limitation of its supply that those who want it will be compelled to give something for it, and (2) that there should be a demand, and the degree of value will rise as the demand increases and the supply decreases. Value requires the two factors of demand and of limitation of supply. The first factor, which is demand, cannot be created by cost of production, or in any manner affected by such cost, and therefore there is no *a priori* certainty that labor will create value. It may and it may not. Whether it will, or not, must depend upon whether it is or is not employed in producing something for which there is a demand.

Without doubt, although labor or the cost of production, can never of itself create value, because it can never create demand, it may nevertheless, and often does, indirectly affect and modify the value of things by affecting their supply. Of course, it has no such modifying power at all in the case of things which are a mere gift and beneficence of nature. Its indirect modifying power of that kind will be greater or less over the value of things, as human effort is a greater or less ingredient in producing them. As a general rule, human effort will be more or less withdrawn from producing things whose exchangeable value is for a long time below the cost of production. In that way the supply is reduced until the exchangeable value rises again so that active production may be profitably resumed. But in this case, the force which raises the value of an article is the diminution in the supply of it. The cost of production affects value, not directly but indirectly by affecting supply.

This indirect effect of the cost of production upon value is not universal, and it is felt always in an imperfect manner, and sometimes very slowly. When men spend labor in searching for diamonds, or for gold, or in similar pursuits

in which success is, to a large degree, a matter of chance, the universal hope of a stroke of good fortune will induce them to continue efforts which, as a whole and in the long run, are not remunerated by the aggregate results. Ordinarily, men cannot easily change from one pursuit to another, and they will ordinarily continue for some time in a production which is at the moment unprofitable, in the hope of a favorable change in the markets. Often some considerable period must elapse before a diminished production sensibly affects the stock on hand. It is especially true of things which are comparatively imperishable, that the current production affects the stock very slowly. The metals, both precious and base, but peculiarly the precious metals, present familiar cases of that kind, but they are not the only ones.

The observations thus far made have reference to a fall of exchangeable value below the cost of production, but it is equally true that, when value rises above cost, such an increased production as will restore the former relation of supply to demand may often occur tardily, and possibly not until after an indefinite lapse of time. If the world's demand for wheat should be suddenly doubled, the resulting rise of value would be soon lost by a doubled production, from the vastness of the areas of land and climates adapted to the cultivation of that grain, and from the rapidity with which capital and labor could be concentrated upon it. If the world's demand for apples should be suddenly doubled, a corresponding increase of production would be slow. The crop of apples is annual, but it takes years to bring the tree to its fruit-bearing maturity. In the case of diamonds and of gold, neither can be produced at will by the application of capital and industry. It is only in a few places that diamonds can be found at all, or that gold can be found in such quantity and under such conditions as to induce men to mine for it. The continuous decline in the stock of the precious metals and the continuous rise of their value during the many centuries between the downfall of the Roman Empire and the discovery of America, caused no increase in their production. There would have been no increase of their production to this day, but on the contrary a still continuing decrease, if the voyages of Columbus had not opened the way to new mines. The value of gold and silver would have risen higher and higher in the Old World, as compared with the cost of producing them, but there would have remained the insurmountable difficulty of a deficiency in the number of places in which it would have been possible to find them and to apply labor to their production.

Taking all circumstances into the account, the indirect connection between the current cost of mining gold and silver and their value, is never more than a slight one, and

sometimes there is no such connection. A value exceeding many times the cost will not be followed by an increased current production, unless mines fit to be worked can be found. The value of gold and silver depends upon the proportion between the demand and the total stock on hand, which is the supply. This stock is the accumulation of ages, and is so vastly in excess of any annual production which has hitherto occurred, or is likely ever to occur, that it can be affected only very slowly by the vicissitudes of mining. A rise in the value of the precious metals, so long as they maintain their position as the money of the world, while it is of all the calamities which can befall mankind, the most wide-reaching, potent and insidious in its mischiefs, is also at the same time an evil against which they have no certain means of guarding themselves. They may be compelled to endure it helplessly and hopelessly for centuries, and relief will come, if it comes at all, only by some happy concurrence of fortuitous events.

Those who lay down the doctrine that value can only originate in labor, and is regulated by the cost of production, always accompany it with an exception which takes the case of paper money out of the operation of the rule. They admit that cost does not affect the value of things, the production of which is protected against competition in whatever way, whether by patent laws, or by the use of a process which can be kept secret, or by a monopoly of any kind, either conferred by law or resulting from the actual facts of the situation. It is obvious that a cheapened cost or an entire absence of cost, cannot affect value by affecting supply, where there is only one producer, and that the value of anything under that condition will depend upon the intensity of the demand and the quantity of the thing which such producer may choose to furnish to the market. It is upon that principle that governments, which choose to decree a paper money which costs nothing, may give it value by monopolizing its issue and restricting its quantity.

The report (1877) of the United States Monetary Commission lays down the true doctrine in these words:

“The value of money, of whatever kind, is measured by the cost of obtaining it after it has been produced, and not by the cost of its production, and this value is indicated by the general range of prices.”

Money is worth what it will bring, or in other words, what it can be exchanged for, and the general range of prices at any given time determines whether its value is above or below its ordinary level. What the cost of the production of metallic money may be, immediately concerns only the infinitesimally small fraction of mankind engaged in the business of gold and silver mining. In countries in which these metals are the standard of money, how much

labor and how many commodities must be parted with in order to obtain given quantities of gold and silver concerns everybody, and in a most vital particular. The greatest living authority in finance* has aptly and vigorously said :

"It is a comparatively small portion of the people of this or any other country that obtain the gold and silver with which debts must be paid by delving in the mines. The vast majority work for gold and silver not in the mineral regions but in the rice, tobacco, wheat and corn fields ; at the anvil, forge and lathe ; in the seams of coal and iron, and in ships on the seas. The debt-paying power of the country is measured by the amounts of gold and silver for which the products of these and all other industries can be exchanged. *This gauge measures the value of money.*"

As to the cost of producing paper money, it concerns nobody but the issuer of it. If the Government is the issuer, it is for the general advantage of the public that its production should cost nothing. What concerns the people among whom it circulates, is what it costs in real estate, commodities and services to procure it, or in other words, what its value is.

Adhering to the use of the term money, as meaning whatever is generally accepted by everybody for anything they have to sell, and also generally accepted in payment of debts, whether by legal compulsion or by common consent, we see that McLeod was right in saying (*Principles of Economics*, chapter IV.)—

"Why do people take a piece of money in exchange for services or products? They can neither eat it nor drink it, nor clothe themselves with it. They can make no direct use of it. The only use they can make of it is to exchange it away again for something else they want. And the only reason why they take it is, that they believe, or have confidence, that they can do so whenever they please."

Aristotle, who is among the oldest philosophers whose writings have been preserved, said :

"With regard to a future exchange, if we want nothing at present, money is as it were our security that an exchange may be made when we do want something."

This idea, familiar to everybody who uses money, that it is not wanted for any value such as is described by the words "real," "intrinsic" or "inherent," but only for its command in the market over commodities and services, has been expressed by innumerable writers.

Baudeau, a French economist, says :

"Coined money in circulation is nothing but an effective title on the general mass of useful and agreeable things. It is a kind of a bill of exchange or order, payable at the will of the bearer."

* Speech of Hon. John P. Jones in United States Senate, February 14, 1878.

In Adam Smith's *Wealth of Nations* it is said :

"A guinea may be considered as a bill for a certain quantity of necessaries and conveniences upon all the tradesmen in the neighborhood. The revenue of the person to whom it is paid does not so properly consist in the piece of gold, as in what he can get for it, or in what he can exchange it for. If it could be exchanged for nothing, it would, like a bill upon a bankrupt, be of no more value than the most useless piece of paper."

In Henry Thornton's more modern book entitled *Inquiry into the Nature and Effects of the Paper Credit of Great Britain*, it is said :

"Money of every kind is an order for goods. It is so considered by the laborer when he receives it, and is almost instantly turned into money's worth."

In this sound view of money, as being of the nature of an order for property, the holder is only concerned to have the order an effective one, and it is of no consequence to him, if the order is effective, whether it is stamped upon paper or upon gold or silver. The most that can be said is, that if the order proves to be ineffectual, he will be able, if it is stamped upon gold or silver, to recoup his loss to the extent of the value of the raw material of his order.

It cannot be said to be necessary to the belief of a fact that the evidence of its existence should be accompanied by a satisfactory solution of the causes of it. Nor is it apparent that the duty of furnishing such a satisfactory solution devolves upon those who point out the existence of a fact, any more than upon those to whom it is pointed out. That the sun appears in the East every morning has been always known, and was never denied by those who were unable to frame any theory, erroneous or otherwise, as to the cause of its daily appearance. It is only within comparatively recent times that the true cause of it has been apprehended by anybody, and it is to-day not apprehended by large numbers of the human race. But at all times, and whatever the condition of the scientific knowledge of mankind, and whether the current belief has been that the sun revolved daily around the earth, or that the earth revolved daily on its axis, the fact of the daily rising of the sun has been universally observed and credited.

That gold and silver coins have value or purchasing power in nearly all countries, and that irredeemable paper, sometimes with and sometimes without the function of being a legal tender, and oftentimes when there is no effective and appreciable expectation that it will ever be redeemed in coin or in anything else, has value or purchasing power in many countries, are both of them facts, and are universally recognized as facts wherever they exist. In every country in which either of those descriptions of money is current, every

man who voluntarily accepts it in exchange for commodities or services, understands perfectly well that he accepts it because it will be accepted by everybody else for anything he may have occasion to purchase. The reasons for its currency may be differently understood and differently stated by different persons; but wherever it is actually current as money, with a purchasing power over all kinds of property and services, there can be no disagreement about the fact.

Whatever else money may be, and whatever other functions it may possess, it practically serves the holder as an order upon everybody within the territorial area of its circulation for anything which is on sale. If it does not perform that service, it is not money.

OBSERVER.

DEALINGS IN NATIONAL-BANK STOCK.

The court reports of the last two months bring several decisions on the validity of sales or transfers of shares in a National bank. Prominent among these is one rendered by the United States Supreme Court. It drew in question the prohibitory provision of Section 5201 of the Revised Statutes (Section 35 of the National Banking Act of 1864), which forbids any association to be the purchaser or holder of any shares of its own capital stock unless such security or purchase shall be necessary to prevent loss upon a debt previously contracted in good faith; and directs that any stock so purchased or acquired by a bank shall be sold or disposed of at public or private sale; or, a receiver may be appointed, &c. The story of the case was, that in May, 1877, one Laffin, being owner of eighty-five shares of the National Bank of Missouri, made a sale of them, through a broker, to a purchaser not known to him, but who was in fact the president of the bank, buying for its benefit; and the question was whether this fact, unknown as it was to the seller, rendered the sale void. Laffin was not a director of the bank, and had no personal knowledge of its affairs. There was good reason to believe that he did not doubt its solvency; it was, however, becoming embarrassed, and, about a month after Laffin's sale, Johnston was appointed receiver. When Laffin made the sale he delivered to the broker his certificate for the shares, bearing a blank transfer power indorsed upon it, and signed by him; and the broker paid the price by his own check. Subsequent steps, briefly stated, were that the broker delivered the certificate and the transfer power, still blank, to the president of the bank, for whom he had been acting, and who gave his check to the broker for the price due; that the president directed the bookkeeper of the bank to fill the transfer power with the bookkeeper's name, and then to transfer the shares on the

books of the bank to the president "as trustee," which was done; and that the president was subsequently reimbursed for what he had paid from funds of the bank. Other entries in the books showed that the president held the shares as trustee for the bank itself. Now, though neither Laffin nor the broker knew, when the sale by Laffin was made, of the intention to hold the shares for the bank, yet the book-keeper knew, when he made the transfer, all the facts. Therefore, when Receiver Johnson, on obtaining possession of the books, found that so recent a purchase of shares had been made for the benefit of the bank without any corresponding necessity for preventing loss upon a debt previously contracted, he brought suit to annul Laffin's sale. Upon provisions of law familiar to our readers the effect of succeeding in the suit might be two-fold: (1) to entitle the bank to repayment from Laffin of the sum withdrawn from its funds for paying him the price, which was the immediate object of the suit; and (2) to expose Laffin to individual liability as a shareholder. Judge Dillon, in the Circuit Court, sustained the validity of the sale, considering that it was completed so far as Laffin was concerned, when he delivered his certificate with the transfer power, and received the price; and that, as he acted in good faith and without knowledge of the illegal purpose in the purchase, he was protected, and the Supreme Court has sustained this view.*

One argument for the receiver was, substantially, that the transfer of the stock was not complete until made on the books of the bank; that the attorney who made it knew that the purchase was by the bank and with its funds; and that his knowledge was imputable to Laffin. Upon this point, Justice Field, speaking for the Court, holds that if the book-keeper had been employed by Laffin to make the sale, had learned the facts as to the use of the funds of the bank while negotiating it, the argument would be sound. But there was no privity between Laffin and the book-keeper. The sale was consummated, so far as Laffin was concerned, when he delivered the certificate with the transfer power to the broker. The broker was the purchaser, as toward Laffin, and if he was competent to buy, the sale was valid. As between them, the transaction was completed on delivery of the certificate and power, and payment of the price. Transfer on the books is needful not for vesting the title in the buyer, but for other purposes. In this respect dealings in National-bank stock are not subject to different rules from those ordinarily applied to transfer of shares in corporations. The use of a power of attorney in blank is allowable, and the subsequent filling of the blank by the purchaser with another name instead of his own does not charge the seller with knowledge which the attorney thus

* *Johnson v. Laffin*, 5 Dill. 65; 23 Alb. Law Jr. 393.

named may have ; nor does it in any manner affect the previous sale.

A further argument for the receiver was that the assets of the bank were a trust fund for creditors, and might be followed wherever they had been wrongfully diverted. Upon this point the opinion says that no assets of the bank were received by Laffin ; the broker paid him the price by his own check, and from his own funds.

It is obvious that the case would stand in a wholly different light if the sale by Laffin had not been made in good faith. In point of fact—and this is essential to the ground of the decision—he was free from any imputation of fraud, having simply, as he supposed, sold his shares to an individual competent to buy them. Suppose, however, he had become suspicious of the solvency of the bank and had projected the sale for the purpose of escaping individual liability. Such a question was presented in a case tried before Chief Justice Waite in the Circuit Court in New York. The facts were that, in 1870, Stevens, being a shareholder in the Ocean National Bank, New York, to the amount of 117 shares, caused them to be transferred to one Elston, who was an irresponsible person—a mere porter in the office of Stevens' broker. Subsequently Stevens made purchases and sales of stock of the bank, acting nominally as agent of Elston, and taking certificates in Elston's name. All the while the bank was in good credit ; and the case, as reported, does not show what the motive of Stevens was—whether to avoid individual liability ; to conceal his funds invested in the shares from his own creditors ; to prevent his dealings in the stock from being known to competitors, or what else. But there was evidence to show that, as between Stevens and Elston, the former, who furnished the money and made the transactions, was the real owner, and that Elston's name was used as a cover only. A year or so afterward the bank failed, a receiver was appointed, and he proceeded against Stevens as a stockholder individually liable. Stevens objected, of course, that the books of the bank showed Elston and not him to be the stockholder. But the Chief Justice sustained the suit. He said that no doubt Elston was liable, in virtue of his having consented to appear on the books as the ostensible owner of the shares. But individual liability is not confined to persons whose names appear on the books as owners. The real owner, although his name is withheld from the transfer book, may be reached by the receiver. In the case shown, Stevens was the real owner and Elston held the legal title as his agent. Now the obligations incurred by agency are debts of the principal and recoverable from the principal. The obligations which Elston assumed by acting as shareholder in the registry were the obligations of Stevens.*

* *Davis v. Stevens*, 17 Blatch. 259.

Upon the power of a National bank to hold shares of its own stock another decision is reported from the St. Louis Court of Appeals. The substance of the case was that a bank which had acquired quite a large parcel of shares of its stock, for a debt, within the permission of the law, but was bound to sell them within six months, negotiated through a broker, a sale of 100 shares. This sale was made on credit, and the purchaser gave his note for the price. By way of collateral, to secure the note, he assigned the shares to the bank. From other facts in the case, it would seem that the purchaser did not know, when buying, that the bank was the real seller, but supposed he was buying from some individual represented by the broker, and that the bank, in supplying the funds, was making an ordinary discount of his note. However this may be, he contested payment of the note, partly on the ground that it was not within the corporate powers of the bank. But the Court held that there is no legal reason why a bank may not sell on credit shares of its stock, which it has lawfully taken for a debt, or may not take an assignment of the shares as collateral to secure payment of the price, provided the circumstances are such as show good faith.*

INDIA FINANCES, CURRENCY, ETC.

We have received from Calcutta a copy of a letter, dated on the 25th of last December, of R. B. Chapman, of the Financial Department of India. His contention is, that the restoration of silver to its former monetary position in the world, although important to India, is even more important to Europe and America.

From a table appended to Mr. Chapman's letter, it appears that during the thirty Indian fiscal years ending March 31, 1880, the excess of silver imported into India over exports was 2,099 million rupees, and of gold imports over exports 961 million rupees.

Using the expression "metallic money" in the large sense of including metal held in readiness for minting, he conjectures that India may have £250,000,000, or \$1,250,000,000. But of this sum, he says:

"A very small portion of this money is in active circulation, not, perhaps, more than one-fifth part of it. The rest is all hoarded, in larger or smaller quantities, throughout the country. You will bear in mind our vast population. Almost every respectable individual amongst them owns more or less silver in the form of either rupees, or solid silver ornaments worn by his wife and children, but held always available for conversion into money on need arising."

* *Union Nat. Bank v. Hunt*, 7 Mo. App. Rep. 42.

As will be seen, Mr. Chapman treats silver in Indian ornaments as being potentially so many rupees, just as we treat gold and silver in bars as being potentially so much coin. But the difference between the two cases is very decided. In countries in which the mints are open to the unrestricted coinage of the metals, gold and silver bars are held principally for the purposes of coinage. On the other hand, the silver in Indian ornaments is never converted into rupees, except under circumstances of severe and extraordinary distress, and then only in a very small proportion as compared with the mass of such ornaments.

.During the three famine years ending March 31 last, the silver in ornaments received at the Bombay mint amounted to \$16,600,000.

During the six fiscal years ending March 31 last, the net imports and coinage of silver in India were as follows:

	<i>Net imports.</i>	<i>Coinage.</i>
1874-5.....	\$23,200,000	\$24,500,000
1875-6.....	7,750,000	12,750,000
1876-7.....	36,100,000	31,350,000
1877-8.....	73,400,000	80,900,000
1878-9.....	19,850,000	36,250,000
1879-80.....	39,350,000	51,250,000
Total.....	\$199,650,000	\$237,000,000

It is the opinion of Mr. Chapman that the large increase of Indian net imports of gold and silver during the last thirty years, as compared with preceding years, is due to the borrowing operations of India in the English market, and that as these operations are not likely to be repeated, the future demand of India for the metals will diminish. And he further believes that this diminution will fall principally upon silver, and not upon gold, of which he says:

"India imports gold as a luxury. It goes chiefly to the rich people, who will, to a great extent, have it any how."

In these views of the future power of India to absorb the metals, Mr. Chapman adopts the ideas of the British Silver Commission of 1876. Those ideas, however, have not been confirmed by the experience of the last five years. The British Silver Commission and Mr. Chapman both overlook the real cause of the fact that India has imported more gold and silver since 1850 than before. That was the date of the California and Australia gold discoveries, which increased the general mass of the precious metals in the world, and of that increase India has only received that proportion which was due to its relative population, wealth and industries. It will continue to import silver, and on a great scale, if it remains without silver mines, and for the sufficient reasons that silver is its money and that its people are accustomed to use that metal for ornaments. It will also continue to import gold, although on a less scale, unless its wants are supplied by its own gold mines, of which the world has had many recent reports.

CURRENT EVENTS AND COMMENTS.

RAILROADS IN EUROPE AND THE UNITED STATES.

In comparing length of railroads with population, Sweden is the best provided of any of the European States, having 6.4 miles of road for every 10,000 inhabitants. Taking the mean in Europe it is 3.3 miles for every 10,000 inhabitants. The United States is prodigal with her railroads, having 23 miles to every 10,000 people, seven times more than the European mean. In comparison of miles of road to area of surface Belgium has 8.38 miles of road to each square mile of territory; Germany, 3.5; France, 2.85; the mean of Europe being 1.05. The mean in the United States is about the same as that of Europe.

INCREASED USE OF THE TELEGRAPH.

The last annual report of the Western Union Telegraph Company shows the following enormous increase in its business:

Year.	Miles of Wire.	Messages Sent.	Year.	Miles of Wire.	Messages Sent.
1867...	85,291	5,879,282	1874...	175,735	16,329,256
1868...	97,594	6,404,595	1875...	179,496	17,153,710
1869...	104,584	7,334,933	1876...	183,132	18,729,567
1870...	112,191	9,167,646	1877...	194,323	21,158,941
1871...	121,151	10,646,077	1878...	206,292	23,918,894
1872...	137,190	12,444,499	1879...	211,566	25,070,106
1873...	154,472	14,456,832	1880...	233,534	29,215,509

THE TELEGRAPH IN CANADA.

A letter in a Toronto paper draws attention to the fact that in the Dominion of Canada the telegraph service, in proportion to the population, furnishes three times as many offices as are provided in Great Britain. As regards the messages transmitted, they are proportionately to population double those sent by the English system, while in the mileage of lines and wires the comparison is still greatly in favor of Canada. The rates for transmission of messages in the Dominion are much less, being only 20 cents as against 25 cents in England, while the distances are far greater. It is claimed for Canada that its telegraph system is superior to that of any other country in the world in extent of lines, facilities afforded, rates and number of messages transmitted in proportion to the population. The Montreal Company, of which Sir Hugh Allan is president, and which is the largest company in the Dominion, has rarely paid less than ten per cent. per annum, and never less than eight per cent.

THE MINNEAPOLIS FLOURING MILLS.

These mills are demanding new facilities for moving their products to market, and are just now specially urgent for a direct railroad route to Montreal *via* Sault St. Mary. The *Pioneer Press*, in commenting on the situation, says that the quantity of flour manufactured can hardly be realized by a mere statement of figures. The Washburn mills turn out a carload every thirty-five minutes through the twenty-four hours, and unless disposed of at once by shipment it simply overwhelms everything.

SARDINES FROM MAINE.

The number of cases of sardines exported from Eastport (Me.) last year is estimated to be about 65,000, valued at about \$650,500. During 1879 there were exported about 25,000 cases, at a value of \$250,000. In 1879 there were only six factories in Eastport. During the past year the number has been increased to thirteen. The last two or three were built late last fall, and did not do much business last year, but will be all ready for work in the spring.

MONTANA.

The following extract is printed from a letter of a military officer of high rank: "The fertility of the mountain valleys for wheat is probably greater than anywhere else in the world. The soil is derived from the very gradual decay of the mountains, and is a rich mold, composed of all sorts of material—moist from drainage and showers—of great depth and incomparable fecundity. The average production in Minnesota varies from twelve to twenty bushels to the acre. In the Red River valley (of the North) crops have been so much as thirty to forty in exceptional cases. In Montana (the mountain district) fifty bushels have been raised largely, 100 bushels has been an occasional yield, and I was credibly informed that in one case so much as 120 bushels had been raised on one acre. The climate is simply superb, and cattle winter out of doors, find their own forage, and turn out fat in the spring. The grass is so rich and nutritious that they will leave grain for it, and, in the fall, it cures on the ground without loss of nourishing qualities."

THE BUFFALO IN MONTANA.

A San Francisco paper of April 28, says: "Over 80,000 buffaloes have been killed in Montana within the past six months, all but some 20,000 being killed for their hides alone, which bring from \$2.25 to \$2.72 each. Men in the fur business say that this wholesale slaughter is rapidly making the buffalo extinct, and that so many hides will never again be secured in a single season."

NEW YORK CITY TRADE IN BUILDING MATERIALS.

The imports at New York of laths in 1880 from British Provinces amounted to 40,514,700; the total exports were 946,000. . . . The receipts of pine from the Southern coast amounted to 130,327,005 feet against 100,219,135 in 1879. The exports of hardwoods amounted to \$651,592, against \$625,873 in 1879. The receipts of shingles from Southern coast, &c., amounted to 4,134,280, against 4,582,416 in 1879; the exports amounted to 6,459,500, against 5,427,710 in 1879. The total valuation of exports of wood and manufactures of same amounted to \$5,703,817. . . . The exports of roofing slate in 1880, amounted to \$220,292 against \$166,220. The United Kingdom was the largest purchaser, though she has within her borders the largest quarries in the world. There was also exported 15,674 cases of slate, supposed to be for the most part school slates. The imports of stone amounted to \$90,289 for building stone, and \$359,093 for marble. The exports amounted to \$40,713.

LOSSES OF NEBRASKA CATTLE.

The losses of cattle on the plains of Nebraska this winter are said, by the *Grand Island Independent*, to have been enormous. It estimates that at the beginning of the winter there were upon the Nebraska ranches more than half a million head of cattle. These would average \$15 apiece, making a total of about \$7,500,000 invested in stock in the cattle-raising portion of the State. The usual and expected loss from the effects of cold weather and snow is five per cent. Often it does not reach that figure. This winter the continued cold and depth of the snow have increased the fatality to such an extent that there is no probability of saving one-half, and in many instances the loss has already exceeded that amount, and bids fair to take off 75 per cent. of the stock upon many of the largest ranches. The aggregate loss of the cattle raisers of Nebraska will not fall short of \$5,000,000.

ROOFING SLATES.

The quantity of roofing slates produced in the United States is estimated at 600,000 squares, divided as follows:

Maine	60,000 squares.	..	New York.....	10,000 squares.
Vermont.....	130,000 "	..	Virginia and Maryland.	20,000 "
Pennsylvania	320,000 "	..	Other localities.....	60,000 "

Ten years ago the total productions of the business did not exceed 150,000 squares. Its growth during the past ten years has not kept pace, generally speaking, with the demand. Some Pennsylvania quarries are leased. One pays a royalty of forty cents per square. Other quarries are leased in this way, but none at a lower rent than this. Some pay fifty cents and one or two sixty cents per square.

Roofing slates vary less in price than almost any other article of merchandise entering into building or constructive operations. We quote prices per square for this season:

Maine slate.....	\$ 5 50@	\$ 7 75	..	Green and variegated
Pennsylvania slate...	4 50@	5 25	..	slate.....
Vermont purple slate.	5 00@	5 50	..	Red slate.....
				\$ 3 50@ \$ 4 50
				7 00@ 9 00

A new feature of our foreign export trade is that of sending roofing slates to England, Ireland, South Africa, Australia and other British dependencies, as well as to Brazil, Cuba and other countries, thus competing with the old-established trade of the Welsh manufacturers. There is no reason why the American slate trade should not be largely increased.

TEASELS.

The United States *Economist* says: "The teasels which are used in woolen mills for the purpose of raising the fiber out of the yarn when the cloth has left the loom, are a natural product, and not an artificial one, as those unacquainted with woolen manufacture might be led to suppose, and though wire cards have repeatedly been tried for this purpose, these teasels are still holding their place as the only suitable material for effectually raising the nap without any undue damage to the fiber.

A large amount of teasels are grown in Belgium. They are sown in spring, in August or September they are transplanted, and twelve months after this the first crop is gathered. The heads must be gathered before all the flowers have bloomed, else the points are dried too much and lose their elasticity. The older and drier ones are always preferred to the fresh ones.

The first place amongst the continental teasels is undoubtedly occupied by the French. In Vaucluse, Normandy, Bouches de Rhone.

Herault, and especially near Avignon, Cavaillon and Cardassonne there are annually about 25,000 hectares (about 60,000 acres) cultivated with this plant. France uses of this crop about £ 300,000, and exports £ 500,000, representing about 60,000 tons. The cultivation of the teasel in France is very profitable. . . . Great quantities are also grown in Austria. . . . Germany furnishes less than she requires, so that about 500 tons have to be imported from abroad.

This plant is found growing wild in Middle Europe, but is then useless for manufacturers because in that state the points are not bent. In England the cultivated plant is grown chiefly in Yorkshire. Russia also raises a good crop in Poland and the Crimea.

CHEAPENING OF STEAMSHIP TRANSPORTATION.

Twenty years ago the Cunard steamship "Persia," then the finest vessel afloat, used to consume $6\frac{7}{10}$ pounds of coal per hour per horse power. So great was the space required for the coal that though the vessel was of 2,000 tons burden, she could only find room for 250 tons of paying cargo. Contrast this with the performances of a new steamer of the present day. The "Arizona" is about double the size of the "Persia," but she consumes only $1\frac{3}{4}$ pounds of coal per hour per horse power. The consequence is that she can carry 3,400 tons of paying freight and can steam $16\frac{1}{2}$ knots against the "Persia's" 13, thus burning but one-fifth of a ton of coal for each ton of goods carried across the Atlantic, instead of the $6\frac{3}{4}$ tons burned by the "Persia." The present expenditure of coal in carrying a ton of goods across is, therefore, less than $\frac{1}{5}$ of what it was twenty years ago, and improvement is still going on. The resulting competition of steamships with sailing ships is constantly becoming more severe.

A NEW METHOD OF MINING.

The practical adaptation to placer mining of a novel system of dredging, which, during the last month, has been fully demonstrated, is attracting attention just now, since it bids fair to add materially to the gold product of the world. Quartz mines require such a vast amount of invested capital for their development that they are necessarily the mines of the stock jobber and of the street. But the placer mining needs only water, and though quartz mining has recently assumed vast proportions, hydraulic mining greatly exceeds it, so that now, as heretofore, the bulk of the gold product of the world is derived from its placers.

Statistics show that of the \$1,100,000,000 of gold which California has produced, four-fifths have been taken out of her placers; and that of the fifteen hundred millions of gold which the United States has added to the wealth of the world within the last thirty years, nearly twelve hundred millions is placer gold. The richest placers, however—river beds and low-lying gravels along their banks and in creek bottoms, without sufficient fall for the sluice or dumping ground for the tailings—have hitherto remained practically untouched. The slow, uncertain and expensive method of turning the stream has sometimes been resorted to, but this

requires not only cutting a new channel for the river, but the building of two dams, one to turn the stream and another below to keep out the back water. The river bed is then spaded up into the sluice, and by this slow process immense profits have sometimes been realized in a short time, the gravel yielding, in some cases, as high as fifty dollars to the cubic yard. And even this can only be done during the short period of low water, the first flood generally sweeping away dam and flume, sometimes before an ounce of gold has been obtained.

But the problem of river mining seems now to be solved. Gen. Roy Stone, a civil engineer employed under Gen. Newton on Government work in New York harbor, has invented a simple and effective method of hydraulic dredging, which may be described as follows: An iron tube, made sectional so as to be easily lengthened, and suspended from a derrick so as to be moved at pleasure, rests, one end under water, in contact, or nearly so, with the material to be removed, the other end being on the scow or sluice into which it is to be discharged. To the lower end of this tube is attached a nozzle, connected by a hose with a powerful force pump, and the hydraulic stream from this source operates quite as effectively as when directed against a bank of the same material above water. Two other hydraulic streams, operated by the same pump, enter the tube on opposite sides, also under water; and the lifting force of these currents, operating on the column of water in the tube, creates a vacuum, or a constant tendency to a vacuum, below. The water, rushing in to fill this vacuum, carries with it the material—mud, sand, gravel, boulders, &c.—loosened by the outer or boring jet, and this solid material, borne along by the ascending current, is discharged from the upper end of the tube. The size of the tube is adapted to the material to be raised and the power used, eight inches being the smallest and fifteen inches the largest yet in use. The height to which the material can thus be raised, depends upon the power applied. It is stated that in a fifteen-inch excavating pipe the volume of the induced current is about twelve times that of the injected currents through two nozzles of one and four-fifth inches diameter, under a pressure of one hundred and fifty pounds to the square inch, and the discharge at five feet above water is 16,382 gallons per minute, carrying, when working in ordinarily loose material, fully twenty-five per cent., or about sixteen cubic yards of sand and gravel. In placer mining the discharge is directly into the sluice, where the gold is separated as in ordinary hydraulic mining. The boiler, pumps and sluices may be floated on rafts or scows, or placed on land, according to circumstances. Where power can be obtained by taking water from an elevation under pressure, the hose is connected directly with the tube, and boilers and pumps are dispensed with. Boulders, too large to be carried through the tube, are removed by an ingenious grapple, contrived by the same inventor. The machine has been patented, not only in the United States, but in every country having patent laws, and a company formed having the exclusive right to operate it in the United States and the Dominion of Canada. The parties connected with this company, having shown by actual working in placer mines, both with steam power and hydraulic power by gravitation, that gold gravels under water can be mined as cheaply as above it, now propose to extend their operations as rapidly as machines can be placed in the field.

DUTY OF BANK ON RECEIPT OF DRAFT AND BILL OF LADING.

SUPREME COURT OF THE UNITED STATES.

OPINION FILED JANUARY 10, 1881.

The Milwaukee National Bank of Wisconsin, plaintiff in error, v. The City Bank.

IN ERROR TO THE CIRCUIT COURT OF THE UNITED STATES FOR THE
NORTHERN DISTRICT OF NEW YORK.

A. F. Smith & Co., the owners of the Corn Exchange elevator of New York, gave orders to Mower, Church & Bell, of Milwaukee, to purchase for them two cargoes of wheat, and to draw on them for the purchase money against each cargo. The cargoes were purchased and sight drafts for part of the purchase money, and time drafts for the other, were in each instance drawn on A. F. Smith & Co., the drafts were purchased by the Milwaukee bank, the plaintiff in error, which received the bills of lading for the wheat. In these bills Mower & Bell are described as the shippers and by their terms the cargo in each case is to be delivered at Oswego, to the account or order of T. L. Baker, cashier of the Milwaukee bank, care of the City Bank of Oswego. The Milwaukee bank enclosed the drafts and the bills of lading to the City Bank of Oswego, with instructions, "on payment of the drafts you will deliver the cargo to the order of Messrs. Smith & Co., if not paid please hold and advise by telegraph. Messrs. Smith & Co. will pay all expenses." When the vessels arrived at Oswego, the City Bank by indorsement on the bills of lading, ordered the cargoes to be delivered to the corn exchange elevator, for account of T. L. Baker, cashier Milwaukee bank, subject to the order of the City Bank of Oswego. A. F. Smith & Co. sold and shipped off the wheat, after it had been put in their elevator, and failed before the time drafts fell due. *Held*, under the evidence, as shown in this record, the question of negligence of the City bank of Oswego, in storing the wheat with A. F. Smith & Co., should have been left to the jury.—[Ed. *Chicago Legal News*.]

MILLER, J.

A. F. Smith & Co, were the owners of the Corn Exchange elevator of Oswego, New York, in which they were engaged in the general business of elevating and storing grain for the public. They were also large dealers in grain on their own account. In September, 1869, Mower, Church & Bell, who were commission merchants in Milwaukee, received orders from Smith & Co. to purchase for them two cargoes of wheat, and to draw on them for the purchase money against each cargo. The cargoes were bought and sight drafts for part of the purchase money and time drafts for the other part were, in each instance, drawn on A. F. Smith & Co.

These drafts were purchased by the Milwaukee Bank, the plaintiff in error, which received also the bills of lading for the wheat. These bills describe Mower, Church & Bell as the shippers, and, by their terms, the cargo, in each case, is to be delivered at Oswego to the account or order of T. L. Baker, cashier of the Milwaukee Bank, care of the City Bank of Oswego.

The Milwaukee Bank enclosed the drafts and the accompanying bills of lading to the City Bank of Oswego, with instructions about insurance, and added, "on payment of the drafts you will deliver the cargo to the order of Messrs. Smith & Co. If not paid, please hold and advise by telegraph. Messrs. Smith & Co. will pay all expenses."

The letter and inclosures were duly received and acknowledged by the City Bank, and on presentation to A. F. Smith & Co. they paid the sight drafts and accepted the time drafts.

When the vessels arrived at Oswego, the masters promptly reported to Manning, the cashier of the City Bank, who made the following indorsement on each bill of lading held by the masters :

"Deliver to the Corn Exchange elevator, for account of T. L. Baker, cashier, Milwaukee, subject to order of the City Bank, Oswego.

"October 9, 1869.

D. MANNERING, Cashier."

A. F. Smith & Co. sold and shipped off the wheat after it had been put in their elevator, and failed before the time drafts fell due, which were duly protested for non-payment, and have never been paid.

The Milwaukee Bank sued the City Bank to recover their loss on the drafts, on the ground that the City Bank had delivered the wheat to Smith & Co. before the drafts were paid, contrary to the instructions which accompanied the drafts and the bills of lading. The case was tried before a jury, and all the evidence is embodied in the bill of exceptions, and on the case, as there made, the court instructed the jury to find a verdict for defendant, which was done. It is this instruction which is assigned for error.

The City Bank, in receiving the drafts and bills of lading in letters which instructed it to deliver the wheat to A. F. Smith & Co., on payment of the drafts, and acknowledging the receipt of these drafts, became the agent of the Milwaukee Bank in the business which it had undertaken. Whatever obligation might, under other circumstances, be imposed on the bank by its consent to receive the drafts and bills of lading, it, in the present case, received them with instructions which the bills of lading empowered it to execute, namely, to control the possession of the wheat until the drafts on Smith & Co. were paid. In acknowledging the receipt of these papers the cashier says : "We prefer, after this, not to receive B. L. (meaning bill of lading), when we have to look after the property." This is an implied admission that they were to look after the property, and would do so in the case to which the letters related. The bank also undertook to discharge this duty when the masters of the vessels, presenting themselves and cargo to the cashier of that bank for delivery, were directed by him in writing to deliver to the Corn Exchange elevator. It, therefore, undertook to discharge a duty as agent of the Milwaukee Bank in regard to the custody of the wheat, under instructions that it should deliver it to Smith & Co. on payment of the drafts. There is evidence tending to show that the Oswego bank, in its account with the Milwaukee Bank, made an additional charge or percentage for their trouble beyond the customary charge for collecting and remitting proceeds of the drafts. So that it undertook a duty for which it received and intended to exact compensation.

What, then, is the measure of its obligation as such agent to the plaintiff bank?

We suppose there can be no question that it should use due care and diligence in performing the task which it had set itself to do.

One of the clear duties of an agent, under such circumstances, is to obey instructions, if they can be obeyed by a reasonable exercise of diligence and care.

We think the instructions in this case very clearly implied that the bank, which by the bill of lading was invested with the full right to the possession of the wheat, should not deliver it to A. F. Smith & Co., except upon payment of the drafts—that is, of all the drafts drawn against each cargo of wheat. The reasons for this are very plain. The wheat had been bought by Mower, Church & Bell, in Milwaukee, for A. F. Smith & Co., but they had to raise the money to pay for it by drafts on the latter. These drafts could only be negotiated by placing the control of the wheat in the hands of the purchasers of the drafts as security for their payment. The sight drafts were paid by Smith & Co., when the wheat arrived in Oswego. They had thus paid that much money on the purchase. They were to pay all expenses. There remained unpaid, however, the time drafts, and the instruction of the Milwaukee Bank to its agent, the City Bank, was not to part with the possession and control of this wheat to Smith & Co., until those drafts were paid. It was the only security the bank had for their payment, and it was ample.

As we have already said, A. F. Smith & Co. were the owners and managers of the Corn Exchange elevator. It is proved that the officers of the bank knew this. The cashier of the City Bank, therefore, knew that when he made the order on the bills of lading for the delivery of the wheat to the Corn Exchange elevator, he was ordering its delivery to A. F. Smith & Co. It was by reason of this delivery and the failure of Smith & Co., that the amount of the drafts were lost to plaintiff.

Did the defendant bank, therefore, under the circumstances of the case, exercise due care and diligence in storing this wheat in the Corn Exchange elevator?

The judge took this question from the jury and decided it in favor of defendant. We are of opinion that in this the court erred. We do not decide here that the defendant bank was negligent. We think there was evidence on which that question should have been left to the jury. We think it should still be left to a jury.

It was said in answer to this view of the subject that the bank had no warehouse or other place of its own in which to store the wheat, and that this was known to the Milwaukee Bank, which must, therefore, have known that the City Bank would be compelled to store it with some one until the drafts, which had some time to run, should be paid. That Smith & Co. were supposed to be safe and solvent men engaged in that business, of good reputation, and that all wheat received under such circumstances in Oswego was deposited in elevators. These are circumstances for the jury to consider. On the other hand, it is to be said that there were other elevators in Oswego, not owned by Smith & Co., ready to receive the wheat. To some of these it could have been delivered without danger of complicating the possession as bailee, with possession under claim of ownership. And this is important, for there are laws making the embezzlement of property, when held as bailee by warehousemen and elevators, a criminal offense. It would be more difficult to convict Smith & Co. of embezzlement for selling this wheat when it had been bought for them, part of the money paid for it by them, and when they had accepted negotiable drafts for the remainder of the purchase money, and when in fact it was their property, subject only to the payment of their outstanding drafts.

Was it acting with ordinary prudence to hazard the security which possession of the wheat gave, by delivering it to the very party to whom his principal had directed him *not* to deliver it? It further appears that the defendant bank took no receipt from Smith & Co., showing that they held it as bailees, but left that to stand on the indorsement they made on the bills of lading in the hands of the masters of the vessels, and a simple acknowledgment of the receipt of the wheat by A. F. Smith & Co. on the same bills of lading. One of the firm of Smith & Co. swears that no warehouse receipt was given.

There was a plain course to be pursued, which involved no difficulty or trouble, namely, storing the wheat in some other elevator or warehouse until A. F. Smith & Co., on payment of the acceptances, should call for it. This course would not have involved a departure from their instruction not to deliver to Smith & Co. until the drafts were paid, and would have saved all parties from loss.

Some question is made in the argument as to the effect of proceedings taken by plaintiff to recover the wheat or its value of parties who bought or received it from A. F. Smith & Co. It is only necessary to say, if the jury shall be of opinion that defendant was negligent in delivering the wheat to A. F. Smith & Co., it is responsible to plaintiff for the amount of the unpaid drafts, less any sum not actually recovered from others.

Without further comment, we are of opinion that there was evidence of negligence or want of due care on the part of defendant, which, taken in connection with the positive instruction of the plaintiff, should have been submitted to the jury. The judgment of the Circuit Court is, therefore, reversed, with instructions to grant a new trial.

INDORSEMENT OF COMMERCIAL PAPER—RECOVERY OF MONEY PAID FOR DRAFT BY MISTAKE.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1880.

No. 158. *Stephen V. White, plaintiff in error, v. The Miners' National Bank of Georgetown, Colorado.* And

No. 143. *The Third National Bank of New York City, plaintiff in error, v. The Miners' National Bank of Georgetown, Colorado.*

IN ERROR TO THE CIRCUIT COURT OF THE UNITED STATES, FOR THE DISTRICT OF COLORADO.

1. INDORSEMENT OF COMMERCIAL PAPER.—*Held*, that an indorsement in these words on a draft "Pay S. V. White or order, for account Miners' National Bank, Georgetown, Colorado," signed by the president of the bank, was not ambiguous and needed no explanation, either by parol or resort to usage; that the plain meaning of it is that the acceptor of the draft is to pay it to the indorsee for the use of the indorser.

2. PAID MONEY FOR DRAFT BY MISTAKE.—That if White paid his money as purchase money of the drafts, he paid it without any consideration, for he did not purchase the drafts, and he may recover his money back.—[*Ed. Chicago Legal News.*]

MILLER, J.

This was an action by White, who was plaintiff below and is plaintiff in error, for the sum of \$60,000 against the bank. The declaration contains twelve special counts, upon as many drafts drawn by the Stewart Silver Reducing Company on Thomas W. Phelps, payable in the city of New York, to the order of Miners' National Bank of Georgetown, and indorsed by J. L. Brownell as president of that bank, to S. V. White, and duly protested for non-payment.

To these counts is added another, in this language: "And for that also heretofore, to wit, on the first day of April, A. D. 1876, at the said County of Clear Creek, the said defendant was indebted to plaintiff in sixty thousand dollars, for so much money by the plaintiff, before that time, paid to the use of said defendant at its request, which said sum of money was to be paid to the plaintiff on request," with an allegation of request and refusal.

To this declaration the defendant pleaded the general issue and several special pleas, which it is unnecessary to notice.

The case was tried before a jury, and plaintiff recovered \$15,000 debt and \$2,625 damages for interest, on account of three of the drafts, and was defeated as to his claim on account of the other drafts, and on the count for money paid at defendant's request, and on that ground brings this writ of error.

The errors assigned relate to the rulings of the court in the progress of the trial, as they are presented in a bill of exceptions.

It thus appears that one J. L. Brownell, a partner in the firm of J. L. Brownell & Brother, doing business as bankers and brokers in the city of New York, was also president of the defendant bank, and interested in the Stewart Silver Reducing Company during the time of the transactions involved in this suit. That, as president of the defendant bank, he sold or transferred to plaintiff the several drafts on which this suit is founded, and received of White for the use of his bank the amount of said drafts less the discount. The drafts were not paid at maturity, but due demand, protest and notice were made. The three drafts on which plaintiff recovered need not be further noticed. The others were rejected by the court as evidence against defendant, on account of the form of the indorsement.

As they were, in this respect, alike, the form of one will be given here as a specimen of the whole :

\$ 5,000.] OFFICE OF THE STEWART SILVER REDUCING COMPANY.

[L. S.]

GEORGETOWN, COL., Oct. 25th, '75.

Four months after date pay to the order of the Miners' National Bank, Georgetown, Colorado, payable at the Third National Bank, New York city, five thousand dollars.

STEWART SILVER REDUCING COMPANY,
By J. OSCAR STEWART, President.

To THOS. W. PHELPS, Esq.,

GEORGETOWN, Colorado.

(Across the face, in red :) Accepted.—THOS. W. PHELPS.

(Indorsed :)

No. . Pay S. V. White or order for account Miners' National Bank, Georgetown, Colorado.

J. L. BROWNELL, P't.

S. V. WHITE.

Because of the words "for account of Miners' National Bank of Georgetown, Colorado," in this indorsement by Brownell as president of the bank, the Circuit Court ruled, that no obligation arose out of the transaction, on the part of the bank, to pay the draft or return the money, although due demand of the acceptor and refusal to pay was proved, with notice to the bank, and this is the principal question which we are to decide.

The plaintiff relies largely on two propositions to establish his right to recover against defendant on this indorsement.

The first of these is that these words are merely directory and capable of explanation, and when it is shown by parol testimony, as in this case, that the plaintiff bought and paid full value for the draft, with the understanding that he was buying it as commercial paper, with the usual incidents of such a transaction, the indorser is liable in the usual manner, notwithstanding the words we have quoted.

The other proposition is that such is the custom of bankers who deal in such paper in New York, where these drafts are payable, and that the custom must control the construction of the contract.

We are not satisfied that either of these propositions is sound.

The language of the indorsement is without ambiguity, and needs no explanation either by parol proof or by resort to usage. The plain meaning of it is, that the acceptor of the draft is to pay it to the indorsee for the use of the indorser. The indorsee is to receive it on account of the indorser. It does not purport to transfer the title of the paper or the ownership of the money when received. Both these remain, by the reasonable and almost necessary meaning of the language, in the indorser. It seems to us that the court below correctly construed the effect of the indorsement to be to make Mr. White the agent of the bank for the collection of the money.

If this be a sound view of the legal effect of the written indorsement, neither parol proof nor custom can be received to contradict it.

But we are aware of the necessity of proceeding with great caution in a case of first impression in regard to questions affecting commercial transactions, and we do not, therefore, decide this one, because we do not think it absolutely necessary to the case. For, assuming this to be correct, we think the plaintiff was still entitled to recover more than he did.

The court below seems to have paid but little attention to the issue on the count for money paid to the use of defendant.

It appears distinctly by the evidence, and is uncontradicted, that the money paid by plaintiff on account of these drafts was placed to the credit of the defendant with its corresponding bankers in New York, and paid out on checks of the defendant bank, so that there is no question that the defendant received the money. There is also no question but that plaintiff thought he was buying these drafts, and that they became his property by their delivery to him. It is also evident that Brownell, the president of the bank, thought he was selling him the drafts, and there is evidence that neither White nor

Brownell noticed the restrictive words of the indorsement. But if the court below was correct in holding that the indorsement—the evidence in writing of what the parties did—only made White the agent of the bank, and left the bank the owner of the drafts, then both White and Brownell were mistaken, and the money was paid and received under a mutual mistake. If White paid his money as purchase money of the drafts, he paid it without any consideration, for he did not purchase the drafts. He only burdened himself with the duty of collecting the money for the bank, and the bank received and used his money without giving him any consideration for it. So, also, if White did not become the owner of the drafts, and if, when he should collect the money on them, he would hold it, in the language of the indorsement, "for the account of the bank," the jury might have been left at liberty to presume that the money which he paid was a loan or advance on the security of the paper delivered to him at the time. Either of these views of the transaction would justify a recovery under the money count, in which the delivery of the money and the delivery of the drafts, with the qualified indorsement, would be evidence of the payment and receipt of the money and the circumstances which attended it.

This indorsement is treated by counsel here as an assignment of the paper without recourse, in which the title to the paper passed, but the right to recourse to the assignor was cut off. But this is evidently an error. If the court below was correct, neither the title to the paper nor the right to the money under it passed. The only effect was to justify the acceptor in paying to the indorsee for the account of the bank. The legal effect of the transaction, as evidenced by the writing, was merely to enable White to collect the money for the bank. Though a restricted indorsement it was no assignment at all. It is not, therefore, a contradiction or a varying of the meaning of the written instrument to prove that in the delivery of this paper to White, he and the bank were under a mistake as to the effect of it, or that he paid this money to the bank without any consideration, or that he advanced money to the bank in the idea that he was to be reimbursed out of the draft when collected.

The instructions given by the court, and the refusal of the prayer of plaintiff, fairly raised this question. All the drafts, except the three which had no such indorsement, were excluded from the jury. The jury were told that nothing else was before them.

The 13th instruction asked by plaintiff and refused by the court distinctly affirmed that if Brownell obtained from plaintiff sums of money on account of the drafts, which the court had refused as evidence, which money was placed to the credit of defendant in a New York bank, and afterwards drawn by defendant, the defendant was liable for such money.

The judgment of the Circuit Court is reversed and the case remanded, with directions to set aside the verdict and grant a new trial.

ALLEGED ALTERATIONS IN A NOTE.

Robert Coleman v. The Merchants' National Bank.—Error to the Superior Court of Cincinnati. Judge Longworth delivered the opinion in this case. This case was very much litigated, exceptions being taken to almost every ruling of the Court. The following is a brief resumé of the case: William E. Davis, deceased, desiring to raise some money, Robert Coleman gave him an accommodation note for \$1,350. The date of the note was left blank, being simply March —. The place of payment was also left blank, being simply payable at —. The note was payable sixty days after date to the order of Davis. Davis inserted the date, March 26, and also inserted the words, "payable at the Merchants' National Bank." He then took it to the bank and had it discounted. When the note became due Coleman refused to pay, saying he was not liable, on account of these insertions. It is also in evidence that the

cashier threatened Coleman if he did not pay the note, he would destroy his credit in such a way that he could not get discounts at any of the banks. He says that, being terrified in this manner, he paid the money under duress, and now sues to recover this amount so paid.

It is claimed that, by reason of this alteration, the note is null and void. There can be no doubt but what the alteration is material, and there can be no doubt but that a material alteration, made after execution and delivery, does render the instrument of no effect. But here the note was given under a special contract between them. It was an accommodation note, according to the plaintiff's own statement, to enable Davis to go out into the market and raise money. The courts have even gone so far in such cases that when even the amount on a note was left blank, and the person to whom the note was given filled up the amount, recovery was had. This was no note at all until the date was filled in. If Davis had no authority to fill these blanks the note would be absolutely worthless. We think Davis had actual authority to fill these blanks. Presuming this, it becomes a matter of no importance whether the note was paid under duress. The note ought to have been paid by him, and it makes no difference whether he paid it under a threat or not. But it is hard to see how such threats can be held in law to constitute duress. The Supreme Court has held that duress must consist of either danger of personal injuries, or danger of deprivation of personal liberty or of property. Judgment affirmed.

PROPOSITIONS TO THE BI-METALLIC CONFERENCE.

Before the meeting of the Monetary Conference at Paris, on the 19th of April, the subjoined paper was published in London and Paris, as an "official" exposition of the views to be submitted for the consideration of the body. There was never any exact statement made as to the authorship of the paper, or that the government of either France or of any other nation was responsible for it. Without doubt, however, it presents the views of the leading bi-metallists in Paris, and we now print it as a matter of record and reference :

PREAMBLE.

1. *Whereas*, bi-metallism, or the monetary system which consists in simultaneously coining any quantity of gold and silver on the footing of a legal ratio between the weight of the monetary unit in gold and the weight of the same unit in silver, had always been practiced, and that only since a few years has it ceased to operate in any part of the world.

2. *Whereas*, during nearly a century the principal Continental mints had coined at the legal ratio of fifteen and one-half all the quantities of gold and silver presented for coinage, whereby alone, whatever the vicissitudes in the production of gold and the production of silver, the relative value of the two metals was necessarily fixed in the entire world at the par of fifteen and one-half, nobody in any country agreeing to part with either gold or silver at a less advantageous ratio than that which it was known could be realized in Europe at the mints, which were bound at the rate of fifteen and one-half to convert into coin having legal currency without limit of amount, all the metal they were asked to coin.

3. *Whereas*, by this universal par of value between gold and silver, the monetary material of the entire world formed a single mass as homogeneous as if it had been composed of a single metal, but with this evident and very important superiority, that its paying power was much more stable than would have been the paying power of gold disjoined from silver, or of silver disjoined from gold; and this because the greater or less stability of that paying power depends on the greater or less regularity of monetary production, because the production of gold is very irregular, also that of silver, while the joint production of the two methods valued at the legal ratio is quite sufficiently regular.

4. *Whereas*, the above-mentioned universal par between the value of the two metals was of the greatest service to countries subject to mono-metallism, such as gold mono-metallic England, and silver mono-metallic India, which countries, owing to that par, could mutually settle their pecuniary dealings with almost as much facility and certainty as if they had one and the same metal as common money.

5. *Whereas*, as soon as silver was no longer freely admitted to coinage by the States which had previously been bi-metallic, the universal par of value between the two metals necessarily disappeared; and, inasmuch as through that disappearance the bi-metallic and homogeneous material possessed by the world was decomposed into two mono-metallic materials heterogeneous to each other—the material gold, the sole metal admitted to free coinage in Europe and America, and the material silver, the sole monetary metal in Asia, a two-fold mono-metallism, which has rendered the commercial and financial relations between the two halves of the world almost as complicated and hazardous as if the exchanges between them were made by barter.

6. *Whereas*, moreover, the States of the Continent of Europe and the United States of America, while admitting gold alone to free coinage, are encumbered with coined silver, and the silver coins of one country cannot be converted into money in other countries unless in Asia, but then undergoing all the loss resulting from the difference between the ratio at which such silver has been coined with regard to gold and the much smaller ratio of gold realized on disposing of silver for an Asiatic destination, now that the universal par no longer exists, a ratio which would become smaller and smaller if the offers for sale of silver happened to be resumed and continued.

7. *Whereas*, it is in fact impossible to withdraw from circulation and get rid of the coined silver not only because of the terrible fall which the Asiatic exchange would experience, and of the enormous losses which would have to be borne, but also because of the immense void such withdrawal would leave behind it—a monetary void which could not be filled either with the present gold, which has already its use, or with the future gold, which has not yet issued from the mines in general—and that chaos extremely prejudicial to the interests of all nations, without a single exception, is solely attributable to monetary laws now in force in Europe and the United States, and cannot be put an end to except by reverting to bi-metallism.

8. *And, whereas*, such reversion to bi-metallism, and the adoption of the ratio fifteen and one-half by a preponderating group of nations, would have the immediate effect of re-establishing on a very solid basis, the old universal par of value between the two metals, of enabling Europe without any loss to employ its old silver crowns in paying America, and reciprocally of enabling the United States, when their balance of trade allows it, to pay Europe with silver from their mines; and, lastly, of making silver a universal money, while retaining gold on the footing of fifteen and one-half as European and American money.

RESOLUTIONS.

Now, therefore, actuated by all these considerations, the American, French, etc., delegates have resolved by common accord to submit to the ratification of their respective governments, the following Convention:

ARTICLE 1. The United States of America, the French Republic, etc. form themselves into a Bi-metallic Union on the terms and conditions hereinafter stipulated:

ART. 2. The members of the Union shall admit gold and silver to mintage without any limitation of quantity, and shall adopt the ratio of one to fifteen and one half between the weight of pure metal contained in the monetary unit in gold, and the weight of pure metal contained in the same unit in silver.

ART. 3. On condition of this ratio of one to fifteen and one-half being always observed, each State shall remain free to preserve its monetary types—dollar, franc, pound sterling, mark, or to change them.

ART. 4. Any person shall be entitled to take any quantity of gold or silver, either in ingots or in foreign coins, to the mints of any member of the Union for the purpose of getting it back in the shape of coin bearing the State mark;

the mintage shall be gratuitous to the public ; each member of the Union shall bear the expense of its mintage.

ART. 5. The mints of each State shall be bound to coin the metal brought by the public as speedily as possible, and at the aforesaid ratio of one to fifteen and one-half between gold specie and silver specie ; the coin thus manufactured shall be delivered to the person who shall have brought the metal, or to his assigns ; if the person bringing gold or silver requests immediate payment of the sum which would accrue to him after the interval of mintage, that payment shall be made to him, subject to a deduction, which shall not exceed two per thousand ; the sum shall be handed over at the will of the paying party in gold or silver coin, or in notes, being legal tender and convertible at sight into metallic money.

ART. 6. The gold and silver money shall alike be legal tender to any amount in the State which shall have manufactured them.

ART. 7. In each State the Government shall continue to issue as a monopoly its small change or tokens ; it shall determine their quantity and quality, and shall fix the amount above which no person shall be bound to receive them in payment.

ART. 8. The fact of issuing, or allowing to be issued, paper money, convertible or otherwise, shall not relieve the State issuing it or allowing it to be issued from the above stipulated obligation of keeping its mints always open for the free mintage of the two metals at the ratio of one to fifteen and one-half.

ART. 9. Gold and silver, whether in ingots or in coin, shall be subject to no customs duty either on importation or exportation.

ART. 10. The reception of silver shall commence at the same date in all the mints of the Union

ART. 11. The present Convention shall remain in force till the 1st of January, 1900. If a year before that date notice of its abrogation has not been given, it shall of full right be prolonged by tacit renewal till the 1st of January, 1910, and so on by periods of ten years until such notice of abrogation shall have been given a year prior to expiration of the current decennial period ; it being, however, understood that notice of abrogation given by States having in Europe less than twenty millions of inhabitants, or subject to the inconvertible paper money system, while releasing those States shall not prevent or interfere with the decennial tacit renewal of the present Convention between the other members of the Union.

THE MONETARY CONFERENCE.

PARIS, May 3.—At a meeting to-day of the Committee of Monetary Conference, Mynheer Vrolik, the Dutch delegate presiding, seventeen delegates were present, including Hon. Charles W. Fremantle, Deputy Master and Comptroller of the English Royal Mint. After a discussion lasting three hours the committee adopted a list of questions to be submitted to the Conference drawn up by the Dutch delegates. . . . The committee instructed Mynheer Vrolik with the task of drawing up their report, and passed a resolution expressing the hope that the next sitting of the Conference would be held as soon as possible.

[A dispatch from Paris, May 4, stated that the lists of questions prepared by M. Cernuschi and Mr. Horton were not adopted by the committee, which “decided to leave all questions of theory to the general discussion.”]

The list of questions prepared by the Dutch delegates and adopted by the committee was as follows :

1. Have the diminution and great oscillations in the value of silver, which have occurred, especially in late years, been injurious to commerce, and consequently to the general prosperity? Is it desirable for the ratio of value between the two metals to have a greater fixity?

2. Are the phenomena indicated in the first part of the foregoing question to be attributed to the increase in the production of silver or to legislative measures?

3. Is it probable or not that, if a large group of States accords free and unlimited coinage of legal pieces of both metals, having full-paying power in a uniform proportion for the gold and silver contained in the monetary unit of each metal, a stability, if not absolute at least very substantial, will be obtained in the relative value of those metals?

4. In case the preceding question is answered affirmatively, what measures should be taken for reducing to a minimum the oscillations in the ratio of value between the two metals. For instance: Would it be desirable to impose on chartered banks of issue the obligation of always accepting at a fixed price ingots of gold and silver offered them by the public? Could the public be insured the same privileges in countries where there is no chartered bank of issue? Should the mintage be gratuitous, or at least uniform in all countries for the two metals? Should there be an understanding to leave free of all obstruction international commerce in the precious metals?

5. In adopting bimetallism, what should be the ratio between the weight of pure gold and silver contained in the monetary units?

PARIS, May 5.—The second plenary sitting of the Monetary Conference was held to-day. The series of questions submitted by M. Vrolik and reported by the committee were unanimously adopted for discussion. Delegates for Germany, Austria, England, India, Canada, Greece, Portugal, Sweden and Switzerland, explained the views of their respective governments. Canada is represented by Sir A. T. Galt.

M. Cernuschi, in a speech opening the general discussion, dwelt upon the necessity of coming to an understanding with the delegate for Germany, whose statement, he said, had altered the position of affairs. The speech of the German delegate was ordered to be printed and distributed among the members of the Conference.

LONDON, May 5.—Lord Reay and Sir Louis Mallett, Under Secretary for the Indian Department, have been appointed to represent India at the Monetary Conference.

PARIS, May 6.—The statement of the German delegate in the Monetary Conference yesterday was that Germany adheres to the single gold standard only, that she is prepared to agree to suspend the sales of silver some years, resuming in a certain defined amount yearly to be agreed upon. She would agree to increase the quantity of silver marks in circulation, possibly also the quantity of silver per mark, and to withdraw five-mark gold pieces.

The English delegates declared that they attended the Conference through deference to the States issuing the invitation. They were ready to afford all information that might be asked them, but would not vote on the proposals submitted. The Indian and Canadian delegates made similar statements. The Russian, Norway and Sweden, Swiss and Greek delegates made reservations in regard to the acceptance of bi-metallism. The Austrian delegate pointed to his delicate position as representing a State having a forced paper currency.

PARIS, May 8.—At the Monetary Conference yesterday, M. Cernuschi, French delegate, and Mr. Dana Horton, United States delegate, proposed that the representatives at the Conference should furnish statistics of the gold and silver coined in their respective countries. The proposal was adopted. Mynheer Pierson, a representative of Holland, made a striking speech in favor of bi-metallism. M. Pirmez, the Belgian delegate, replied, urging the maintenance of the *status quo*. M. Pirmez having insisted that the States which had a forced paper currency favored bi-metallism as a means of extricating themselves by the adoption of a depreciated white metal, Signor Seismit Doda, Italian delegate, replied that Italy, in sending delegates, had no idea of doing a stroke of business, but only of furnishing her quota of experience toward the settlement of a question which concerned not the present moment

only, but the future of a well-organized international currency accepted by all the States.

During the proceedings yesterday, M. Cernuschi proposed that all the States, including England, should make known what profit they have made since 1874 by buying silver below sixty pence and coining it at the old par. He said this return might serve as a basis for restitution to Germany of 96,000,000 marks which she would not have lost if bi-metallism had been established in 1871. He pointed as an illustration to the profits made by the United States in coining silver. He proposed that Germany should call in her old thalers and issue notes instead. These proposals were not voted on, but entered on the minutes, so as to come under the cognizance of the governments.

PARIS, May 10.—Signor Luzatti, Italian delegate, was the chief speaker at the Monetary Conference to-day. He advocated bi-metallism. . . . "The present state of the money market," he said, "amounted to a monetary crisis. While the value of silver has been depreciated by the laws of the various countries, it was clear that gold was not sufficiently abundant to be adopted by all civilized nations as a single standard. . . ."

MM. Burckhard and Bischoff dwelt upon the disappearance of gold from Switzerland.

M. Thoerner, Russian representative, advocated mono-metallism, but said he recognized the necessity for a subsidiary employment of silver. M. Ruscons advocated bi-metallism.

PARIS, May 10.—At to-day's sittings, addresses were made by S. Dana Horton and Cernuschi in favor of bi-metallism.

PARIS, May 14.—At to-day's sitting of the Monetary Conference, Senator Devormandie, French delegate, urged the dangers of the present monetary system. He showed, from the position of England since 1837, that gold mono-metallism did not afford a remedy. "Unless wise measures are adopted," he said, "a crisis would, in the end, violently force itself on the money markets."

PARIS, May 17.—In the Monetary Conference to-day Mr. Howe (America) and M. Vrolik (Holland) spoke in favor of bi-metallism. Sir Louis Mallett, representing India, pointed to the evils the depreciation of silver had brought upon India, and declared his readiness to support any measure tending to increase the value of silver.

LONDON, May 18.—The Paris correspondent of the *Times* says: "Sir Louis Mallett stated at the Monetary Conference yesterday that India would engage not to change her system of free mintage of silver, during a period to be afterward fixed, provided a certain number of the principal States would undertake to maintain free mintage for the same period at the ratio of fifteen and a-half to one. If the fall in silver continued India might, on the discovery of fresh gold mines, or some other opportunity, reluctantly enter into the struggle for the possession of the only metal having a firm international basis. He exhorted France and America not to be deterred from persevering in an effort which, like all great reforms, requires courage and patience. Mr. Howe's speech was devoted to proving the disinterestedness of the United States in entering the Conference. "America," he said, "was not anxious for a market for her precious metals but for her agricultural produce. America, also, wanted a sufficient monetary basis for the vast debts of the world."

PARIS, May 19.—At the Monetary Conference to-day Mr. Evarts and Signor Doda (Italy) recapitulated their arguments in favor of bi-metallism, and with their speeches the general discussion was closed. The following Order of the Day was then adopted:

After having heard the general discussion and examined the monetary situation from an international point of view, and having regard to the declarations made in the name of certain governments, and in consideration of the fact that several delegates desire a temporary suspension of the sittings in order to refer to their governments, the Conference decides to adjourn until June 30.

THE GOLD CURRENCIES OF THE WORLD.

We are indebted to the courtesy of the Director of the Mint for the following statement showing the gold coinage, by periods, of countries named, and the estimated gold circulation of each, according to the latest returns:

Country.	Period.	GOLD COINAGE.						GOLD CIRCULATION.		
		Total.	Pieces of \$20 or over.	Pieces of \$10 and not over \$20.	Pieces of \$5 and not over \$10.	Pieces of less than \$5.	Estimated gold circulation. Coins and bullion.	Treasury and bank reserves. Gold.	Actual gold circulation. (Not in reserve.)	
Germany.....	1873-1879	\$ 404,057,106	—	—	—	\$ 404,057,106	\$ 333,000,000	\$ 131,000,000	\$ 202,000,000	
England.....	1861-1879	448,486,000	—	—	—	448,486,000	596,000,000	168,000,000	428,000,000	
France.....	1803-1880	1,743,288,040	—	\$ 9,897,580	\$ 9,367,080	1,724,023,380	927,000,000	111,000,000	816,000,000	
Spain.....	1861-1873	145,380,105	—	—	—	145,380,105	130,000,000	None.	130,000,000	
Portugal.....	1855-1879	5,832,001	—	464,432	41,048,396	1,319,173	48,000,000	9,000,000	39,000,000	
Russia.....	1869-1878	178,760,000	—	—	—	178,760,000	No returns.	107,000,000	—	
United States..	1850-1880	1,047,753,921	\$ 919,754,480	44,903,020	40,884,285	42,822,136	520,000,000	264,000,000	256,000,000	
Mexico.....	1875-1879	3,717,974	3,359,840	274,600	65,455	18,079	10,000,000	—	—	
Australia.....	1855-1879	286,760,000	—	—	—	286,760,000	No returns.	61,000,000	—	

[For reasons which we have given heretofore at various times, we believe that the foregoing estimate of the gold in France is an enormously exaggerated one.—ED. BANKER'S MAGAZINE.]

THE REFUNDING PROCESS—CALL OF THE FIVE-PER-CENT. BONDS.

TREASURY DEPARTMENT,
WASHINGTON, D. C., May 12, 1881.

By virtue of the authority conferred by law upon the Secretary of the Treasury, notice is hereby given that the principal and accrued interest of the five-per-cent. coupon bonds issued under the acts of July 14, 1870, and January 20, 1871, and now outstanding and uncalled, will be paid at the Treasury of the United States in the City of Washington, D. C., on August 12, 1881; and that the interest on said bonds will cease on that day, and none of these bonds will hereafter be exchanged for registered bonds bearing five-per-cent. interest; provided, however, that in case any of the holders of the said coupon bonds shall request to have their bonds continued during the pleasure of the Government, with interest at the rate of three and a-half per cent. per annum, in lieu of their payment at the date above specified, such request will be granted, if the bonds are received by the Secretary of the Treasury for that purpose on or before the 1st day of July, 1881.

The Secretary also announces that until the date mentioned (July 1, 1881) he will receive for continuance, in like manner, subject to the like conditions, any of the uncalled five-per-cent. registered bonds of the acts of July 14, 1870, and January 20, 1871, to an amount not exceeding \$ 250,000,000, the remainder of the loan being reserved with a view of its payment from the surplus revenues. Foreign holders of any of the five-per-cent. bonds above described may have them continued as above provided, upon the receipt of the bonds at the Government agency established for that purpose at the banking house of Messrs. Morton, Rose & Co., Bartholomew Lane, London, England.

The request above mentioned should be in form substantially as herewith prescribed; and upon the surrender of the bonds with such request, the Secretary of the Treasury will return to the owners registered bonds of the same loan with the fact that such bonds are continued during the pleasure of the Government with interest at the rate of three and a-half per cent. per annum stamped upon them in accordance with this notice. Upon the receipt of bonds to be continued as above provided, the interest thereon to August 12, 1881, will be prepaid at the rate the bonds now bear.

Registered bonds to be continued should be assigned to "The Secretary of the Treasury, for continuance;" under the provisions of this circular they will be accepted for that purpose in the order of their receipt at the Department.

The Department will pay no expense of transportation on bonds received under the provisions of this circular, but the bonds returned will be sent by prepaid registered mail unless the owners otherwise direct. All bonds, whether intended for payment or to be continued, should be forwarded to the Secretary of the Treasury, Loan Division, with a letter of transmission, setting forth the purpose for which they are transmitted, and if to be continued they must also be accompanied by the request above referred to, and the package containing the bonds should be marked "Bonds for Continuance."

(Signed),

WILLIAM WINDOM, *Secretary.*

The following is the form of request for continuance of bonds:

[Date.]——.

To the Secretary of the Treasury:

Under the terms of the circular No. —, issued by the Secretary of the Treasury May 12, 1881, —, the undersigned, owner of the below-described United States five-per-cent. bond —, issued under the acts of July 14, 1870, and January 20, 1871, hereby request that — payments be deferred, and that — be continued dur-

ing the pleasure of the Government to bear interest at the rate of three and a-half per cent. per annum from August 12, 1881, as provided in said circular, and in consideration of the promises — hereby waives and releases all rights to or claim for any interest on said bond — in excess of three and a-half per cent. per annum on and after said date of August 12, 1881. And in witness thereof — have hereunto set — hand and seal — this day.

[Here describe the bonds, stating whether registered or coupon denomination, serial numbers and amounts.]

[Seal.]

[Signature and Post-office address.]

NOTE.—The seal should be of wafer or wax if not executed by a corporation. In case the above request is signed by an officer of a bank or other corporation, it should be accompanied by the proper authority, certified by some officer of the institution other than the one empowered to act. If the bonds are presented at the London agency, the forms of request for their continuance must be executed in duplicate. The form of request prepared in blank for use will be furnished upon application to the Secretary of the Treasury.

CLEARING-HOUSE EXCHANGES FOR APRIL.

The clearings in twenty-three cities during April, showed a gain of ten per cent. over 1880. The figures as given in the *Public*, are as follows:

	April, 1881.	April, 1880.	Inc. or dec. per cent.
New York.....	\$ 3,706,050,025	\$ 3,375,612,333	+ 9.8
Boston.....	333,529,942	280,741,437	+18.8
Philadelphia.....	215,353,110	216,211,450	— .6
Chicago.....	138,650,847	127,063,056	+ 9.2
St. Louis.....	69,115,635	55,232,813	+25.1
Cincinnati.....	65,000,000	55,879,800	+17.0
Baltimore.....	58,095,987	56,494,684	+ 2.8
New Orleans.....	41,310,503	42,425,864	— 2.6
San Francisco.....	44,272,868	37,608,771	+17.7
Pittsburgh.....	31,031,929	26,023,428	+19.2
Louisville.....	30,561,216	24,047,576	+27.1
Milwaukee.....	21,193,622	26,033,406	-18.6
Providence.....	16,584,100	16,227,600	+ 2.2
Kansas City.....	9,000,000	7,116,600	+25.0
Indianapolis.....	9,016,028	6,979,020	+29.2
Cleveland.....	7,624,790	7,028,960	+ 8.2
Hartford*.....	5,856,216	5,194,944	+12.7
New Haven*.....	4,774,691	3,940,436	+21.2
Columbus.....	3,961,610	4,201,142	- 5.7
Worcester.....	3,127,097	2,997,933	+ 4.3
Springfield.....	2,899,077	2,470,282	+17.3
Lowell.....	1,679,685	1,710,107	- 1.8
Syracuse.....	1,439,702	1,185,617	+21.4
Total.....	\$4,820,128,680	\$4,382,427,259	+10.0
Previous three months....	16,665,435,937	12,671,183,252	+31.5
Total four months....	\$21,485,564,617	\$17,053,610,511	+26.

Of the clearings for April, \$1,114,078,655 in 1881 and \$1,006,814,926 in 1880, were outside of New York, while for the first four months the clearings outside of New York were \$4,508,796,018 in 1881 and \$4,039,967,499 in 1880, an increase of 11.6 per cent., showing that the largest ratio of increase has occurred at New York. The storms and floods at the West seem to have made no serious mark upon the exchanges at any city except Milwaukee.

* Four weeks ending April 30.

INQUIRIES OF CORRESPONDENTS.

ADDRESSED TO THE EDITOR OF THE BANKER'S MAGAZINE.

I. CLAIMS FOR USURY AGAINST NATIONAL BANKS.

A debtor, whom we have sued, pleads usury. We discounted and renewed his paper for some years, and on the maturity of a note it was either charged to the party and a renewal note credited, less the discount of nine per cent., one per cent. more than the legal rate, or, the old note was taken up and the discount paid on the renewal; thus in either case we received interest in advance. Can the debtor claim, under the law, an offset, or must he pay the notes and then commence proceedings to recover twice the amount of the usurious interest paid?

If more than two years elapse since the last payment of usurious interest, can he recover either by offset or in an action against the bank for debt? The law is somewhat obscure, and lawyers here differ as to its construction.

REPLY.—The decisions on this section of the Bank Act have been numerous and conflicting. Some points, however, may be regarded as authoritatively settled, among which are the following:

When usurious interest has been actually paid, the debtor's only remedy is to sue for the penalty of twice the usurious interest so paid, in a separate action, "in the nature of an action of debt," "within two years from the time the usurious transaction occurred;" and the right to exact this penalty cannot be enforced by the debtor by way of set-off, or counter-claim, or defence, in any action which may be brought against him by his creditor. *Barnet v. National Bank*, 98 U. S. 555.

When, however, the usurious interest has not been paid, but has merely been agreed to be paid, (and in cases of usurious discounts the usury is not regarded as paid until the paper discounted is actually paid and retired) then the parties to the paper, when sued by a National bank, may set up the usury as a partial defence, and have deducted from the face of the paper the whole interest agreed to be paid, if the note carries interest, or the whole discount reserved, if the interest was reserved by way of discount. *National Bank of Auburn v. Lewis*, 81 N. Y. 15. This deduction is not enforced by means of, what is called in law, a set-off or counter-claim, under which the defendant is allowed, according to the statutes of different States, to set up in the suit against him, separate and independent claims and demands which he may have against the plaintiff therein. It is merely a matter of partial defence, the defendant showing that part of the contract upon which the plaintiff has sued him, to wit: the contract to pay interest, is void and cannot be enforced.

Before the decision reported in the 98 U. S. it used to be held that, when the paper sued on was a renewal of previous paper, then the parties to it may also, as a further partial defence, have deducted the whole amount of all the interest previously paid or reserved upon the *same indebtedness*, however many times the paper may have been renewed, or in whatever form the interest may have been paid or reserved; in other words, that the court is authorized to go into the whole transaction from the beginning, and will only allow the bank to recover the actual amount of money it has loaned without interest. *National Bank of Auburn v. Lewis*, 75 N. Y. 516; *Overholt v. National Bank of Mount*

Pleasant, 82 Pa. St. 492. In order, however, to give due effect to the decision in the 98 U. S., which, as a decision of the Supreme Court of the United States, gives the authoritative rule of construction for a statute of the United States, it seems to us that it must be held hereafter, that when, in the course of a series of renewals, a *payment* of usury has taken place, then the right to enforce a forfeiture of the interest, by way of a partial defence, ceases, and a separate suit for the double penalty is the sole remedy of the borrower; in other words, that this forfeiture of interest can only extend to the actual usury, which is included in the paper sued on, and which may not be regarded as paid, but as merely agreed to be paid. We think, moreover, that, at each renewal of a note, as described in the inquiry, there was an actual payment of usury, within the meaning of the law; for in each case the renewal note was in effect a payment of the note before it, and, when each note was paid, it can properly be said that "a usurious transaction occurred."

It follows, therefore, in this case, that, if there is no usury in the note sued on, and the last payment of usury was made more than two years ago, the bank cannot be subjected to a forfeiture in any form of proceeding, and must recover the full amount of the note and interest at the legal rate from the time it fell due.

II. CERTIFICATION OF CHECK PRESENTED BY STRANGER.

A draws his check on us for \$5,000 to B or order. A third party, C, presents it for certification but it is not indorsed by B. We offer to pay if properly indorsed, but refuse to certify.

Is not certifying a matter of courtesy only on the part of the banker?

The real facts in this matter are that, if the check is cashed (or certified and charged to drawer) an overdraft or interest account will begin under a previous arrangement with the bank; but the drawer and payee have probably arranged that the latter shall hold the check awhile on some business trade, and Mr. Payee desires privately to get good security by presenting for certification.

Have we a legal right to certify and charge up a check not indorsed when presented by one who is neither drawer, payee or indorsee?

What is the *custom*?

REPLY.—A bank owes no duty to its depositor to certify his checks, and certification at the request of the drawer or the holder of a check is a mere matter of courtesy. It is of no consequence, however, that the check is presented for certification by one who is neither drawer, payee or indorsee. The bank has an undoubted right to certify, and can only be held upon its certification by the payee or indorsee, or some person who gets a good title to the check from them. The usual *custom* of banks in this city is to certify, no matter by whom presented.

• III. INTEREST AFTER MATURITY.

I hold a note as collateral security, dated April 1st, 1878, one day after date, *without interest*. Can I collect interest after this note was due? The note is not payable at bank, and has never been presented to maker for payment.

REPLY.—Yes. When the note is due, it is, in theory of law, the duty of the maker to come and pay it, and, if he fails to do so, he is liable for interest afterwards, without any demand. This interest is not payable by virtue of any contract, but by way of damages for the delay of payment.

IV. UNDATED CHECKS.

In the December, 1880, number of another journal in New York, the editor answered a correspondent that a bank "may" pay an undated check. But the important question is, *must* it pay an undated check? What do you say?

REPLY.—No. Upon this point the language of Mr. Morse, in his work on Banking, is as follows:

"A check must be dated. It may be dated either on, before, or after the day it is issued. But it would seem that if a check is not dated at all, and contains no statement of a date when it is to be paid, it is never payable. For a check is payable either on the day of its date, or else on some other day specifically designated in it. So, if it is not dated at all, and if no designation occurs, expressed in the body, which might perhaps, operate to supply the deficiency of a formal dating, it is reasonable to say that it can never become due and payment can never be demanded. If this rule, which is not directly asserted in any adjudication, goes at all too far, it is nevertheless utterly impossible to doubt that a bank would be fully justified in refusing to pay a check showing an unexplained deficiency of so important a character."

V. RECOURSE FOR PAYMENT OF CHECK FORWARDED FOR COLLECTION.

A, a bank at B, sends us for collection and *returns* a check on C, a banker at D. On day of receipt we make returns by draft to A, and forward the check for collection and credit to E, our correspondent at F, charging it to E on our books. E forwards to C for collection and credit, but the check goes to protest, is returned to E, and by him to us. Can we look to A for reimbursement?

REPLY.—Yes; unless A has paid the money over to some other person, or otherwise acted to its prejudice on the faith of your payment. We understand that the inquirer did not intend to act otherwise than as agent for collection in the ordinary way; that he did not intend to become the owner of the check or responsible for it; and that its payment was made in the ordinary course of business upon the supposition that the check was good.

If A has paid the money to its depositor, for example, and you have no longer a right to look to A for reimbursement, then you may look to the depositor, provided *he* has not acted to his prejudice on the faith of the payment received by him from A. *Bank of Orleans v. Smith*, 3 Hill 560.

VI. INSTRUMENTS PAYABLE "IN CURRENT FUNDS" NOT NEGOTIABLE.

In your reply to Inquiry No. III., in the March number of your excellent Magazine, you remark, ". . . this particular certificate is not a negotiable instrument, *because not payable in money.* . . ." Is not this an error? The certificate of deposit in question is payable in current funds to the order of the depositor, and would seem to us to conform to the requirements of a negotiable instrument. Will you kindly point out where our view is incorrect?

REPLY.—There is no error upon the point referred to. Our correspondent will find it discussed in the number of May, 1880, and in *Daniel on Negotiable Instruments*, § 55. There are some conflicting decisions upon the point, but we have adopted what we deem to be the correct view of the question, and answer all inquiries, incidentally involving it, in that view. It is shortly this: Negotiable paper must be payable in money, *i. e.* in dollars; and nothing is money which is not a legal tender in performance of a promise to pay dollars. "Current funds" or currency are not necessarily such tender, and may have a different and varying value.

BANKING AND FINANCIAL ITEMS.

THE TREASURER OF THE UNITED STATES, on May 2, decided the construction of existing laws to be that deposits for the reduction of National-bank circulation must be made in United States notes only; also, that deposits to the credit of the five-per-cent. fund for the redemption of the National-bank notes must be made in United States notes only.

THE NEW YORK STOCK EXCHANGE.—The annual election of officers for the Stock Exchange took place on May 15th. A number of tickets were in the field, differing only in the candidates for the Governing Committee. The following is the result: *President*—Donald McKay. *Chairman*—James Mitchell. *Vice Chairman*—Alexander Henriques. *Treasurer*—D. C. Hayes. *Secretary*—B. O. White. *For Governing Committee* (to serve four years)—S. T. Russell, G. L. Haight, C. Brandon, F. K. Sturges, W. L. Bull, F. N. Lawrence, Simeon J. Drake, B. L. Anderton, Jr., J. S. Decker, J. D. Probst. To serve one year—D. A. Boody.

SEATS IN THE STOCK EXCHANGE.—In January, 1878, the New York Stock Exchange endeavored, on charges of fraud, to expel Arthur Sewell, a former partner of John Bonner, who some two years ago absconded, owing nearly \$1,000,000. The courts decided that Sewell was illegally expelled. Brayton Ives, as president of the Exchange, sold Sewell's seat for \$4,000, and applied the proceeds to the payment of creditors. On a suit brought in the Superior Court against Mr. Ives, Judge Spier in the Superior Court rendered a decision, May 17, in favor of Mr. Sewell for \$4,000.

IOWA.—We have already mentioned the transfer to Chicago of Mr. H. M. Kingman, for ten years cashier of the Commercial National Bank of Dubuque. Upon accepting with regret his resignation, the Board presented to Mr. Kingman a substantial sum of money and their hearty expressions of confidence and good-will.

Mr. C. H. Harris, for eight years connected with the banking interests of Dubuque, has been appointed cashier of the Commercial National, and has entered upon his duties.

MISSOURI.—The German Savings Institution of St. Louis, removed on May 2d to the Exchange Building, corner Third and Pine Streets. The *St. Louis Republican* says: "The German Savings Institution is now the oldest bank in this State, working under a special charter granted by the Legislature in the year 1853. The present removal is necessitated by the increase of business, which made the old quarters entirely inadequate. The new banking rooms afford ample desk room, additional vaults and greater accommodations in every respect to the public as well as to the officers and employees. The rooms are elegantly fitted up, well lighted and conform in every respect to the modern demands of a first-class banking business. The following gentlemen constitute the Board of Directors: C. F. Orthwein, Louis Fusz, Geo. H. Braun, A. Nedderhut, Wm. Koenig, Adolphus Boeckler, J. G. Greer, F. W. Meister and John Wahl.

Kansas City.—The Union Avenue Banking Company of Kansas City, begins business about June 1st, with D. M. Coonley as president, and W. F. Merriman, cashier. Mr. Merriman has a banking experience of thirty years in New York State and in Chicago.

NEW YORK STATE BANKS.—Bank Superintendent Hepburn issued, on May 3, a certificate of authorization to the Merchants' Bank of Buffalo to do business under the State laws. Capital, \$300,000. Two other banks were also authorized within the same week, viz: Baldwin's Bank of Penn Yan, capital \$50,000, and St. Lawrence County Bank, of Canton: capital, \$50,000.

TAXABLE BANK DEPOSITS.—In the Chicago International Bank case, decided by Commissioner Raum, a question has arisen regarding the deposit of checks. General Raum has explained and reaffirmed his opinion on this point by telegraph as follows: "My decision in the International Bank case was that 'where deposits are made of checks or drafts, which are immediately carried to the credit of the depositor, and which are subject at once to payment by check or draft, they must be treated as taxable deposits on the day the same are received and entered to the credit of the depositor.'"

OHIO.—The Supreme Court of Ohio has decided that certain laws lately passed by the Legislature, authorizing the use of municipal credit in aid of railroads, are repugnant to the constitution of that State.

THE MONETARY CONFERENCE.—The London correspondent (April 14) of a city paper (*Bradstreet's*) says: "In England, from the first, the Paris Conference has been regarded as another abortive attempt to draw Germany and England into indorsing proposals which would tend to stimulate silver production in America at the expense of the gold production of Australia, and it is hoped here, in the immediate future, of India also."

A city journal is quite mistaken in saying that any such idea has been broached in the Paris Conference as that of requiring the mints of any country "to pay out gold for silver to all comers at a fixed price." A proposition was made two or three years ago in the United States House of Representatives to redeem silver with gold, and also to redeem gold with silver, but it failed of success. We quite agree with our contemporary, that it is altogether absurd to propose the redemption of either metal in the other.

Quite a sensation has been produced lately in London by the publication of a pamphlet in favor of bi-metallism by H. H. Gibbs, an ex-Governor of the Bank of England, with an approving preface by H. R. Grenfell, the present Governor. The London *Economist*, which is ultra-gold mono-metallic, denounces the pamphlet as something "abnormal," and says it has "surprised, not convinced, the public."

CANADA—BANK DIVIDENDS.—The *Toronto Times*, of April 29, says: "The Merchants' Bank of Canada declares a dividend for the current half year of three per cent., making six for the year. The Ontario Bank does the same. The current dividends of the Bank of Toronto, the Bank of Hamilton, and the Federal Bank, are at the rate of seven per cent. yearly. The Dominion declares four per cent. for the half year.

The declaration, by the Bank of Montreal, of a half-yearly dividend of four per cent. and a bonus of two per cent. has been the subject of more or less excited conversation in financial circles. . . . It was by no means generally expected that the earnings would prove so large as they have done. In 1880 the net earnings were \$1,049,340 after losses were deducted. This year they are stated at some \$300,000 more, and after writing off \$50,000 for bank premises account, the directors carry forward \$200,000 to profit and loss.

A dinner speech of Mr. Blake, who is described as "the leader of the Opposition" in Canada, substantially disavows any purpose on the part of his party, to seek to overthrow the protective tariff policy of the present Canadian Cabinet. Protection may now be regarded as the settled policy of the Dominion. It has invigorated the revenue, revived industry, and is gaining in popularity every day.

The *Journal of Commerce*, of Montreal, is authority for the statement that during the year 1880 there were purchased in that city for shipment to the United States 8,267 horses at a cost of \$770,858.

The French exports during the first four months of the present year show a decrease in value of 52,000,000 francs as compared with the corresponding period of last year, and the imports a decrease of 25,000,000 francs.

A dispatch from Paris announces the suspension of the Anglo-French Union Bank (limited), having sixteen branches and 12,000,000 francs capital. This is one of the newly-established banks, and its shares are said to be largely held in England. There was no suspicion of its failure until it actually occurred.

UNITED STATES SUPREME COURT DECISIONS.—Among the decisions rendered May 2, were the two following: In the case of *Webber* against the *State of Virginia* the Court holds that Sections 45 and 46 of the Revenue Laws of Virginia, which impose a special tax upon agents of foreign manufacturers who come there to sell goods of foreign origin, are unconstitutional.

In the case of *John F. Williams* against the *State of Louisiana et al.*, the Court holds that certain bonds of the State of Louisiana issued under an Act of the State Legislature of April 20, 1871, to the New Orleans, Mobile and Texas Railroad Company are invalid. The case of *Durkee* against the *Board of Liquidation*, involving the same question, is decided in the same way.

INDIA GOLD MINES.—The *British Mercantile Gazette*, of May 5, says: "Our only hope is that the world may again be flooded with gold; but from what we hear privately of the new Indian Gold Mines—and our informants are largely interested in promoting this enterprise—the yield will prove very unremunerative—perhaps enough to pay the cost of extraction, but very little besides."

NATIONAL-BANK AND LEGAL-TENDER CIRCULATION.

STATEMENT of the Comptroller of the Currency on June 1, 1881, 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*.....	353,052,493
Increase during the last month.....	1,551,151
Increase since June 1, 1880.....	9,216,250

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 U. S. to redeem notes of insolvent and liquidating banks, and banks retiring circulation under Act of June 20, 1874.....	35,234,659
Increase in deposit during the last month.....	720,417
Increase in deposit since June 1, 1880.....	15,712,936

JOHN JAY KNOX, *Comptroller of the Currency.*

* Circulation of National Gold Banks not included in the above, \$1,099,225.

NEW BANKS, BANKERS, AND SAVINGS BANKS.

(Monthly List, continued from May No., page 904.)

State.	Place and Capital.	Bank or Banker.	N. Y. Correspondent and Cashier.
COL....	Denver	Merchants' National Bank. \$75,000 Henry R. Wolcott, <i>Pr.</i>	Central National Bank. Samuel N. Wood, <i>Cas.</i>
INDIANA	KNOX	J. A. Garner & Co	Preston, Kean & Co., <i>Chicago.</i>
" ..	Michigan City..	Lumberman's Bank	National Park Bank. (Hutchinson, Higgins & Co).
IOWA ...	Aurelia	Bank of Aurelia	Preston, Kean & Co., <i>Chicago.</i> Lewis M. Yocum, <i>Pr.</i>
KANSAS.	El Dorado	Bank of El Dorado.....	Central National Bank. (Ellet, Gardner & Frazier).
" ..	Paola.....	Bank of Paola.....	.....
" ..	Washington....	Washington County B'k.. \$50,000 A. W. Moore, <i>Pr.</i>	Opdyke & Co. F. A. Head, <i>Cas.</i>
KY.....	Greenville.....	Reno & Hay.....	Sawyer, Wallace & Co.
LA.....	New Orleans...	Germania Savings Bank...	.....
MD.....	Baltimore.....	Maryland Savings Bank...	.....
		Wm. Hy. Baldwin, Jr., <i>Pr.</i>	Daniel Cloud, <i>Tr.</i>
MASS...	Boston	C. H. Venner & Co.....	Winslow, Lanier & Co.
" ..	Pittsfield.....	Third National Bank.....	Continental National Bank. Henry W. Taft, <i>Pr.</i>
MICH...	Croswell.....	H. E. Pack & Co.....	D. Preston & Co., <i>Detroit.</i>
" ..	North Adams..	North Adams Bank (E. J. March).	Chase National Bank.
MINN...	Verndale	Bank of Verndale.....	Chase National Bank. M. Stewart, Jr., <i>Pr.</i>
MO.....	Clinton	Henry Co. Bank.....	Gilman, Son & Co. A. P. Frowein, <i>Pr.</i>
" ..	Kansas City...	Union Avenue Bank'g Co.	American Exchange Nat'l Bank. D. M. Coonley, <i>Pr.</i>
" ..	Stockton.....	Cedar County Bank.....	.....
NEB....	Hastings	First National Bank.....	.....
" ..	O'Neill City...	Cheney, Adams & Co.....	.....
" ..	Tecumseh.....	Farmers' Bank (Moss & Turner).	Kountze Brothers.
N. J....	Atlantic City..	Atlantic City Nat'l Bank..	Mechanics' Nat'l Bank, <i>Phila.</i> Charles Evans, <i>Pr.</i>
N. MEX.	Socorro.....	Socorro County Bank.....	Chatham National Bank. Henry Henson, <i>Pr.</i>
N. Y....	Buffalo.....	Merchants' Bank.....	Chemical National Bank. Alfred P. Wright, <i>Pr.</i>
" ..	Canton.....	St. Lawrence County B'k. \$50,000 William H. Kimball, <i>Pr.</i>	Fourth National Bank. Solon D. Kimball, <i>Cas.</i>
" ..	Hornellsville..	Citizens' National Bank...	Mercantile National Bank. John Santee, <i>Pr.</i>
" ..	Penn Yan.....	Baldwin's Bank.....	National Park Bank. Mason L. Baldwin, <i>Pr.</i>
" ..	Watkins	Farmers & Merchants' B'k. \$50,000 William H. Wait, <i>Pr.</i>	Metropolitan National Bank. Marquis D. Carpenter, <i>Cas.</i>
OHIO...	Cincinnati....	German National Bank....	Importers & Traders Nat'l B'k. Andrew Pfirrman, <i>Pr.</i>
" ..	Plain City.....	Exchange Bank.....	Importers & Traders Nat'l B'k. Luther Lane, <i>Pr.</i>
" ..	Orrville.....	Orrville Banking Co.....	National Broadway Bank. Oliver H. Griffith, <i>Pr.</i>
" ..	Zanesville.....	Citizens' National Bank...	Henry H. Strauss, <i>Cas.</i> Joseph T. Gorsuch, <i>Pr.</i>
		\$104,000	A. V. Smith, <i>Cas.</i>

<i>State.</i>	<i>Place and Capital.</i>	<i>Bank or Banker.</i>	<i>N. Y. Correspondent and Cashier.</i>
PENN...	Kennett Sq'are.	Nat'l B'k of Kennett Sq..	.....
	\$40,000	John Marshall, Pr.	D. Duer Philips, Cas.
" ..	New Holland..	New Holland Nat'l Bank..	.....
	\$75,000	Cornelius F. Roland, Pr.	James Diller, Cas.
Wis....	Wonewoc	Juneau County Bank.....	Ninth National Bank.
		(P. R. Briggs & Son)	Bert. W. Briggs, Cas.

CHANGES OF PRESIDENT AND CASHIER.

(Monthly List, continued from May No., page 903.)

	<i>Bank and Place.</i>	<i>Elected.</i>	<i>In place of</i>
N. Y. CITY.	Canadian B'k of Com'ce. }	J. H. Goadby and	J. G. Harper * and
		B. E. Walker, Agts.....	J. H. Goadby.
COL....	First National Bank, Trinidad }	George R. Swallow, Pr.	F. D. Wight.
		Wilmot Saeger, Cas.....	G. R. Swallow.
ILL....	Greene County Nat'l Bank, Carrollton }	Robert Pierson, Cas.....	O. Pierson, Acting.
IND	First National Bank, Columbus }	Hezekiah Griffith, Pr....	F. J. Crump.*
		William J. Lucas, V. P..	H. Griffith.
" ..	First National Bank, Valparaiso }	George Pence, Cas	W. J. Lucas.
		S. S. Skinner, Pr.....	D. F. Skinner.
		E. Ball, Cas	M. L. McClelland.
IOWA ...	Commercial Nat'l B'k, Dubuque.	C. H. Harris, Cas.....	H. W. Kingman.
" ..	First National Bank, Marion ..	Jay J. Smyth, Cas.....	J. M. Bowdish.
MAINE..	North Berwick National Bank..	F. O. Snow, Pr.....	W. Hill.*
MASS....	Miller's River National Bank, Athol }	W. D. Luey, Cas.....	A. L. Newman.
" ..	Conway National B'k, Conway.	W. B. Harding, A. C.....	.....
" ..	Rollstone Nat'l B'k, Fitchburg.	William G. Avery, Cas ..	W. D. Luey.
" ..	Franklin Co. N. B., Greenfield.	Wilbur B. Tenney, Cas..	J. M. Graham.
MICH ...	Detroit Savings Bank.....	Quintus Allen, Pr.....	W. Keith.*
" ..	Grand Rapids National Bank..	E. C. Bowman, A. C.....	M. F. Dow.
" ..	First Nat'l Bank, Marquette...	Edwin F. Uhl, Pr.....	C. H. Bennett.*
		Henry W. Jessop, Cas....	C. H. Call.
MINN ...	First National Bank, Mankato.	H. C. Akers, Cas.....	F. Busch.
MO....	Union Sav. Assoc., St. Louis..	Horace Ghiselin, Cas....	E. Karst.
NEB....	State Bank, Crete.....	F. I. Foss.....	D. H. Andrews.
N. H....	Nat'l Mech. & Trad. B'k., Portsmouth }	John Lughton, Cas.....	G. W. Butler.
" ..	Kearsarge Nat'l Bank, Warner }	George Savory, Pr.....	N. G. Ordway.
		Wm. E. Chandler, V. P.	G. Savory.
N. J....	Merchants' Nat'l B'k., Newark.	Frank L. Luff, Acting Cas.	.....
N. Y....	Cayuga Co. Nat'l B'k, Auburn.	C. C. Button, Act. Cas..	A. L. Palmer, Cas.
" ..	Little Falls National Bank	James D. Feeter, A. C.....	.....
" ..	First National Bank, Rome. }	Gordon N. Bissell, Pr....	E. Huntington.*
" ..	First National Bank, Waterloo.	Thomas G. Nock, V. P..	.....
		William L. Mercer, Cas..	J. B. Crocker.
OHIO ...	First National Bank, Cleveland.	Henry S. Whittlesey, Cas.	A. K. Spencer.*
PENN... Nat'l Bank of Chambersburg...	John S. McIlvaine, Cas..	G. R. Messersmith.*	
" .. First Nat'l Bank, Huntingdon..	John H. Glazier, Act. Cas.	G. W. Garrettson.	
" .. Mechanics' National Bank, Pittsburgh }	Wm. R. Thompson, Pr.	W. B. Holmes.*	
		George J. Gorman, Cas..	W. R. Thompson.
R. I.... Old National Bank, Providence.	Christopher Lippitt, Pr..	J. O. Waterman.*	
" .. Nat'l Exchange B'k, Newport..	John C. Beaman, Pr....	P. Caswell, Jr.*	
S. C.... Central Nat'l Bank, Columbia.	W. B. Stanley, Pr.....	J. S. Preston.	
W. VA.. Nat'l Exchange B'k, Weston..	T. B. Camden, Pr.....	R. J. McCandlish	

*Deceased.

OFFICIAL BULLETIN OF NEW NATIONAL BANKS.

(Continued from May No., page 903.)

No.	Name and Place.	President and Cashier.	Capital.	
			Authorized.	Paid.
2522	Citizens' National Bank..... Hornellsville, N. Y.	John Santee..... J. S. McMaster.	\$ 125,000	75,000
2523	Merchants' National Bank.. Denver, COL.	Henry R. Wolcott..... Samuel N. Wood.	120,000	120,000
2524	German National Bank..... Cincinnati, OHIO.	Andrew Pfirrmann..... George H. Bohrer.	250,000	250,000
2525	Third National Bank..... Pittsfield, MASS.	Henry W. Taft..... Ralph B. Bardwell.	125,000	125,000
2526	National Bank of Kennett Square, PENN.	John Marshall..... D. Duer Philips.	60,000	40,000
2527	Atlantic City Nat'l Bank.... Atlantic City, N. J.	Charles Evans..... Robert D. Kent.	50,000	30,000
2528	First National Bank..... Hastings, NEB.	A. L. Clarke..... G. H. Pratt.	60,000	32,000
2529	Citizens' National Bank.... Zanesville, OHIO.	Joseph T. Gorsuch..... A. V. Smith.	200,000	104,000
2530	New Holland Nat'l Bank... New Holland, PA.	Cornelius F. Roland..... James Diller.	75,000	75,000

CHANGES, DISSOLUTIONS, ETC.

(Monthly List, continued from May No., page 905.)

NEW YORK CITY.....	Canadian Bank of Commerce; J. G. Harper, deceased. Agents now J. H. Goadby and B. E. Walker.
" " "	G. W. Ballou & Co.; Geo. H. Holt retires. Wm. A. Bingham, N. Y.; David H. Darling and Allen S. Weeks, Boston, admitted.
" " "	Clark, Dodge & Co.; admit Herman R. Le Roy.
" " "	Cantoni & Co.; removed to 25 Wall Street.
" " "	Harriot & Noyes; admit John P. Guret, Jr.
" " "	Hotchkiss & Burnham; now Hotchkiss, Burnham & Co. Schuyler Walden admitted.
" " "	Lockwood & Co.; admit Arthur Lockwood.
" " "	F. M. Lockwood & Co.; admit Chas. F. Davenport.
" " "	Geo. Opdyke & Co.; Geo. Opdyke, deceased. C. W. Opdyke and G. W. Farlee retire. Geo. F. Opdyke and F. M. F. Miller continue as Opdyke & Co.
" " "	Sand Bros. & Co.; Edward A. Petit retires.
" " "	Scott & Leavitt; dissolved. Geo. S. Scott, Thos. W. Pearsall and J. B. Houston continue as Geo. S. Scott & Co.
" " "	Scranton & Willard; admit A. G. Hodges.
" " "	Alex. Taylor's Sons; admit John P. McKewan.
" " "	Trask & Francis; dissolved. Jas. Francis retires. Spencer Trask and Geo. F. Peabody continue as Spencer Trask & Co.
" " "	Watson & Gibson; removed to 55 Broadway.
" " "	Whittemore & Co.; interest of Wm. Guynne ceased.
ARK....	Hot Springs... Arkansas State Bank; sold to Hot Springs Bank and Safe Deposit Co.
COL....	Buena Vista... F. A. Reynolds & Co.; closing business.
" ..	Carson City... Exchange Bank (Bain & Robertson); now R. A. Bain.
" ..	South Arkansas Post-office name changed to Salida.

- DAKOTA Sioux Falls.... Citizens' Bank (Robert Nation); sold out.
- ILL.... Chicago..... Preston, Kean & Co.; admit Elisha Gray as special partner. F. W. Crosby retires. Paid capital doubled—now \$200,000. Firm name unchanged.
- IND.... Pendleton.... A. B. Taylor & Sons; now Pendleton Banking Co. Elijah P. Rogers, *Cas.*
- IOWA... Boone..... Boone Bank (R. J. Hiatt); paid deposits in full and quit banking business.
 * .. Guthrie Center. Calderwood & Sayles; now Citizens' Bank. (E. R. Sayles.)
- KANSAS. Newton..... Hoag & Fowler; now Hoag & Doty.
- KY.... Versailles..... Bank of J. Amsden & Co.; surplus \$20,000.
- MASS... Boston..... G. W. Ballou & Co.; dissolved. New firm. Same style.
- MICH... Hudson..... Perkins, Thompson & Co; Merton B. Perkins, deceased.
 * .. Imlay City..... Geo. N. Terry & Co.; dissolved.
- MO.... St. Louis..... German Savings B'k; removed to cor. Third and Pine Sts.
 * .. " Wm. C. Scott & Co.; admit Mitchell Scott.
- MONT.. Bozeman..... Story & Willson; now Nelson Story.
- NEB.... Hastings..... Adams County Bank (A. L. Clarke & Co.); succeeded by First National Bank.
 * .. La Porte..... Logan Valley Bank (Bressler, Martin & Co.); now Bressler & Patterson.
 * .. Niobrara..... Bevins & Perrine; succeeded by Solomon Draper.
 * .. Red Cloud..... Smith Bros. & Thompson; now Smith Bros.
 * .. Tekamah..... Burt County Bank (Latta & Benedict); now J. P. Latta.
- N. Y... Albany..... Trask & Francis; now Spencer Trask & Co. Jas. Francis retires. Wm. A. Graves admitted.
 * .. Canton..... S. D. Hungerford & Co.; now St. Lawrence County Bank. Same cashier.
 * .. Hornellsville... Farmers and Mechanics' Bank; now Citizens' National Bank. Same officers.
 * .. Penn Yan..... M. L. Baldwin; now Baldwin's Bank. Same management and correspondents.
- OHIO... Canal Dover... Exchange Bank; P. Baker, deceased. Now P. Baker's Sons & Hardesty.
 * .. Greenville..... Exchange Bank (estate of John L. Winner); discontinued.
 * .. Painesville..... Lake County Bank (Aaron Wilcox & Co.); Aaron Wilcox, deceased.
- PENN... Philadelphia... Trask & Francis; now Spencer Trask & Co. Jas. Francis retires. C. F. Fox admitted.
 * .. " Webster & Suplee; now L. L. Webster.
- Wis.... Fond-du-Lac... R. A. Baker; failed.

PLACER MINING.—The Little Rapid Placer Mining Company, in the Black Hills, Dakota, (whose advertisement may be found at the end of this number), was the first company to order the new Roy Stone Hydraulic Machine, of which an account is given on page 959. The successful working of this new invention has been awaited with intense interest in the Southern Black Hills, which are regarded as among the richest in gold deposits of any region in the world.

NATIONAL BANKS OF NEW YORK CITY.

May, 1881.

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 Friday, May 6, 1881, and also on June 11, 1880, and June 14, 1879.

RESOURCES.	1881. May 6, 48 banks.	1880. June 11, 47 banks.	1879. June 14, 47 banks.
Loans and discounts	\$ 232,610,440 .	\$ 212,685,145 .	\$ 178,975,217
Overdrafts	163,940 .	— .	—
U. S. bonds to secure circulation	21,271,500 .	22,420,500 .	24,185,500
U. S. bonds to secure deposits...	820,000 .	820,000 .	225,255,700
U. S. bonds on hand	10,521,900 .	6,385,450 .	12,998,300
Other stocks, bonds & mortgages	11,863,045 .	10,454,579 .	8,936,233
Due from other National banks..	14,723,643 .	12,771,067 .	14,030,290
Due from State banks & bankers	2,837,866 .	1,836,627 .	2,206,321
Real estate, furniture & fixtures.	10,659,141 .	10,077,872 .	9,827,078
Current expenses and taxes paid	1,074,024 .	1,262,034 .	1,364,033
Premiums paid.....	1,089,474 .	814,350 .	1,618,207
Checks and other cash items...	2,190,570 .	1,756,216 .	1,696,246
Exchanges for Clearing House...	170,855,737 .	105,252,495 .	67,008,511
Bills of other National banks....	3,956,162 .	3,432,238 .	2,143,183
Fractional currency	42,846 .	52,478 .	60,500
Specie :			
Gold coin.....	24,799,126 .	} 57,829,426 .	} 18,349,742
Silver coin.....	461,812 .		
U. S. gold certificates	4,625,900 .		
U. S. silver certificates	981,170 .		
C. H. gold certificates.....	34,176,000 .		
Legal-tender notes.....	11,788,084 .	14,381,023 .	21,933,827
U. S. certif. of dep. legal-tenders.	3,095,000 .	3,615,000 .	15,255,000
Five-per-cent. Redemption fund	967,788 .	— .	—
Due from U. S. Treasurer.....	1,905,165 .	1,234,326 .	1,277,633
	<hr/>	<hr/>	<hr/>
	\$ 567,480,339	\$ 467,080,831	\$ 607,121,526

LIABILITIES.

Capital stock paid in.....	\$ 51,150,000 .	\$ 50,650,000 .	\$ 50,750,000
Surplus fund.....	19,076,605 .	17,835,188 .	15,786,880
Other undivided profits	12,431,941 .	11,289,293 .	9,765,878
National bank notes outstanding	19,098,445 .	19,732,984 .	20,398,788
State bank notes outstanding ...	47,480 .	45,921 .	53,256
Dividends unpaid.....	305,733 .	125,934 .	122,253
Individual deposits.....	332,797,995 .	252,352,558 .	188,285,679
United States deposits	427,874 .	284,435 .	223,813,792
Deposits of U. S. disburs'g officers	193,277 .	145,576 .	197,322
Due to other National banks ...	98,573,226 .	86,800,466 .	73,692,943
Due to State banks and bankers	33,377,760 .	27,818,472 .	24,254,730
Bills payable.....	— .	— .	—
	<hr/>	<hr/>	<hr/>
	\$ 567,480,339	\$ 467,080,831	\$ 607,121,526

PUBLIC DEBT OF THE UNITED STATES.

Recapitulation of the Official Statements—cents omitted.

DEBT BEARING INTEREST.

	April 1, 1881.	May 2, 1881.	June 1, 1881.
Bonds at six per cent.....	\$ 196,378,600 .	\$ 196,378,600 .	\$ 196,378,600
Bonds at five per cent.....	463,590,850 .	456,022,950 .	439,841,350
Bonds at four and a half per cent..	250,000,000 .	250,000,000 .	250,000,000
Bonds at four per cent.....	738,571,850 .	738,622,700 .	738,652,950
Refunding certificates.....	775,950 .	725,100 .	604,850
Navy pension fund.....	14,000,000 .	14,000,000 .	14,000,000
Total principal.....	\$ 1,663,317,250 .	\$ 1,655,749,350 .	\$ 1,639,567,750
" interest.....	17,385,807 .	16,817,844 .	17,109,666

DEBT ON WHICH INTEREST HAS CEASED SINCE MATURITY.

Principal.....	\$ 6,093,465 .	\$ 5,704,865 .	\$ 10,600,005
Interest.....	743,877 .	730,740 .	737,292

DEBT BEARING NO INTEREST.

Old demand and legal-tender notes..	\$ 346,741,661 .	\$ 346,741,646 .	\$ 346,741,646
Certificates of deposit.....	6,805,000 .	8,295,000 .	10,860,000
Fractional currency.....	*7,131,978 .	†7,115,046 .	7,109,102
Gold and silver certificates.....	56,350,700 .	56,642,740 .	56,685,850
Total principal.....	\$ 417,029,339 .	\$ 418,794,432 .	\$ 421,366,598
Unclaimed Pacific Railroad interest.	8,546 .	6,656 .	6,746

TOTAL DEBT, principal and interest.	\$ 2,104,578,285 .	\$ 2,097,803,889 .	\$ 2,089,418,059
Total Cash in the Treasury.....	230,814,692 .	233,731,195 .	236,496,088
Debt, less Cash in the Treasury at date.	\$ 1,873,763,593 .	\$ 1,864,072,693 .	\$ 1,852,921,971
Decrease of debt during the month.	6,192,819 .	9,690,900 .	11,150,721
Decrease of debt since June 30, 1880.	68,408,701 .	78,099,601 .	89,250,323

CURRENT LIABILITIES.

Interest due and unpaid.....	\$ 2,140,893 .	\$ 2,710,492 .	\$ 2,451,043
Debt on which interest has ceased...	6,093,465 .	5,704,865 .	10,600,005
Interest thereon.....	743,877 .	730,740 .	737,292
Gold and silver certificates.....	56,350,700 .	56,642,740 .	56,685,850
U. S. notes held to redeem certificates of deposit.....	6,805,000 .	8,295,000 .	10,860,000
Cash balance available at date.....	158,680,756 .	159,647,357 .	155,161,896
	\$ 230,814,692 .	\$ 233,731,195 .	\$ 236,496,088

AVAILABLE ASSETS.

Cash in the Treasury.....	\$ 230,814,692 .	\$ 233,731,195 .	\$ 236,496,088
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BONDS ISSUED TO THE PACIFIC RAILWAY COMPANIES.

Principal outstanding.....	\$ 64,623,512 .	\$ 64,623,512 .	\$ 64,623,512
Interest accrued and not yet paid....	969,352 .	1,292,470 .	1,615,387
Interest paid by the United States..	49,528,566 .	49,528,566 .	49,528,566
Interest repaid by transportation of mails, etc.....	14,244,859 .	14,247,370 .	14,256,338
By cash payments five per cent. net earnings.....	655,198 .	655,198 .	655,198
Balance of interest paid by the United States.....	34,628,508 .	34,625,997 .	34,617,028

* \$15,507,912.92, less amount estimated as lost or destroyed, \$8,375,934.00.

† \$15,490,980.62, less amount estimated as lost or destroyed, \$8,375,934.00.

NOTES ON THE MONEY MARKET.

NEW YORK, JUNE 1, 1881.

Exchange on London at sixty days' sight, 4.82½ to 4.82¾ in gold

Several important questions are receiving discussion in the loan market, as to the effect of the absorption of capital by new railroads and other productive enterprises, the extent of which is unsurpassed in the financial history of this country. Capitalists, prudent merchants and conservative bankers in many of our large cities appear to be more or less anxious on this subject, and letters from the most distant points concur in expressing the general apprehension that the National growth, the extension of our commerce, and the movement of our industrial investments since the reaction from the panic of 1873, have been too rapid to be safe. But, on the other hand, it is argued that there are a multitude of energetic and influential persons who have confidence that the rapid growth of wealth in this country and the other circumstances productive of monetary ease, confirm the theory of a wholesome continued advance of values for some time to come, and a further extension of the prosperity and growth of the country with no immediate danger of an early culmination, or a disastrous collapse. Hence, we find that there is, in New York and other financial centers, an increasing plethora of money offering at low rates. It is complained that trust companies of this city refuse deposits, even at two and one-half, from any but old customers, and that investments for trust funds can with difficulty be found returning to the trustees and to estates the legal rate of interest of six per cent. Abroad the same complaints are made. In England and Continental Europe the abundance of idle capital is much more conspicuous and large amounts continue to be sent to the United States for investment. The effect upon our industrial growth, produced by this flow of capital from Europe to absorb our railroad and other securities, is destined to be of very great magnitude and extent. Already it is aiding the rapid increase of our railroad and other productive works, especially in the West and South. It is impossible to overestimate the advantage to our agricultural, mining and manufacturing interests in distant sections of the country, which has been conferred during the last two or three years by the low rates of interest for loans on call and on time. These easy-borrowing rates have facilitated the negotiation of a multitude of corporate stocks and bonds, which have laid, or are laying, the foundation of new lines and routes of transportation, connecting vast productive regions with the seaboard, and with distant markets formerly inaccessible, but now rich in present, or prospective, value. Whether the creation of new corporate securities is to receive a check from predicted financial disasters which threaten to overtake us in the early future, or not, there is no doubt that the country is developing in all directions an amazing recuperative energy, that our people are increasing in all the elements of National wealth and productive power, and that the rate of progress in some of the fundamental branches of industry has never been surpassed in this country or abroad.

Among the various practical questions suggested by these events, in banking circles, one is as to the causes and prevention of panics, respecting which, it is said that the American Bankers' Association at their next convention in August, are to have some interesting addresses from the South and West, as well as from other parts of the country. It might be well to collect a revised edition of the valuable papers on this subject which Mr. Coe and other officers of the Association have prepared at various times, and to publish them in a separate form. The practical value of such publication could not fail to be appreciated, and its appearance just now would be very timely.

The money market has lately received a wholesome stimulus from the gratifying success of Secretary Windom in renewing at three and one-half per cent., not only the sixes, to which we referred last month, but also the \$250,000,000 of registered fives, which were subsequently dealt with. The admirable arrangements of the Treasury for converting these securities have imparted strength to the monetary situation, and have conferred great benefits on public and private credit. In this market commercial paper passes freely at two and one-half to four per cent. Call loans are quoted at two to four per cent., the disposition to scrutinize collaterals being less sensitive than for some time past. One reason for this diminishing scrutiny is, perhaps, the enlargement of the area of speculative demand, and the expansive outside support to the Stock Exchange markets which are growing up from various causes, and especially from the numerous centers of stock operations, which are organized in several of the larger as well as minor cities throughout the Eastern and Middle States, as also in the larger financial cities of the South and West. Moreover, the European markets are now more accessible to our securities than formerly. It is well known that even at the London Stock Exchange, where the best American railroad shares and bonds were formerly received with hesitancy and difficulty, however sound and good, a change has supervened; for dealings are sometimes heavy in American stocks of rather doubtful value, as well as in our best railroad, corporate, city and government securities. This rapid extension of the capacity for distributing large masses of security among investors at home and abroad is one of the chief features of the financial situation, and its effect upon capitalists, bankers and other lenders has not only led them to discriminate less severely against certain classes of securities, but it has produced other results of a very stimulating and beneficent character, which are not without their special dangers, and well deserve more attention than they have received in investigations of the present and prospective movements of the loan market.

As an element in the computation of the monetary forces at work in our financial mechanism, the influx of new money from dividends and semi-annual payments of interest is always sure to attract notice. In June and December these sums are less than in some other months, but the aggregate for the present month is about \$20,000,000, including the sum of \$11,800,000 for pensions. Of this aggregate the June coupons of the railroads maturing on \$136,264,400 of bonds amount to \$3,842,084, and the dividends on \$177,125,500 of railroad shares amount to \$4,735,871. To-day the Treasury begins the payment of the quarterly interest on \$250,000,000 four-and-a-half-per-cent. bonds, and in July the ordinary disbursements of the Treasury will be supplemented by \$16,000,000 to be used in the redemption of the six-per-

cent. bonds, which were not extended three and a-half per cent. The Treasury will also have to pay off, in all probability, some \$15,000,000 of the coupon fives which will not be extended. The registered fives will also, perhaps, be redeemed in cash by Secretary Windom, as is reported. In any case the influx of money into the loan market for the next month or two will be favorable to ease, and the question whether gold imports will begin again shortly or not, about which considerable diversity of opinion prevails, has very little importance for the monetary prospects of the immediate future. The importations since the beginning of the year and since the first of August, compare as follows :

	—Since January 1.—		—Since August 1.—	
	1881.	1880.	1880-81.	1879-80.
Gold.....	\$28,085,617	\$1,263,430	\$96,364,585	\$76,291,402
Silver.....	1,308,746	2,337,421	3,780,097	5,314,935
Total.....	\$20,394,363	\$3,600,851	\$100,144,682	\$81,606,337

These and other movements affecting the bank statements are not watched with so much attention since the accumulation of reserve has become ample, and in excess of that of the previous years. There is, however, some discussion as to the absorption of currency, and the belief is growing that a considerable part of the large aggregate of gold and greenbacks that have disappeared since resumption, and have been withdrawn from the channels of the circulation are returning thereto. This return movement is estimated by some authorities to amount to more than \$30,000,000, and consists, it is said, of greenbacks chiefly; though a portion of it is in coin, and especially in silver dollars, which are much valued for hoarding purposes by frugal persons in the South and Southwest. When the aggregates of Comptroller Knox's recent bank statements shall have been completed at Washington, there will be an opportunity of ascertaining how much evidence there is as to the extent of this alleged return of absorbed currency to the ordinary currents of the monetary circulation. Subjoined are the aggregates of the New York Clearing-house banks for several weeks past :

	1881.	Loans.	Specie.	Legal Tenders.	Circulation.	Net Deposits.	Surplus.
April 30...		\$304,435,200	\$69,289,400	\$15,784,700	\$18,600,100	\$294,536,300	\$11,440,025
May 7...		310,850,000	73,346,500	16,024,600	18,664,200	315,033,900	13,112,625
" 14...		317,730,900	76,887,700	17,134,100	18,596,900	316,818,400	14,817,200
" 21...		324,192,800	80,518,500	17,873,000	19,135,300	326,611,700	16,738,575
" 28...		332,025,700	79,134,800	18,633,800	19,301,200	332,182,800	14,722,900

The Boston bank statement for the past four weeks is as follows :

	1881.	Loans.	Specie.	Legal Tenders.	Deposits.	Circulation.
April 30.....		\$147,667,400	\$6,643,300	\$3,027,700	\$91,451,900	\$30,622,000
May 7.....		149,674,900	6,744,400	3,117,300	95,954,900	30,790,600
" 14.....		150,336,500	6,843,400	3,059,100	96,911,700	30,939,900
" 21.....		150,124,100	6,678,700	2,938,200	98,513,900	30,997,100
" 28.....		151,064,400	7,503,700	3,294,700	101,651,500	30,476,500

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

	1881.	Loans.	Reserves.	Deposits.	Circulation.
April 30.....		\$74,253,494	\$19,606,525	\$68,375,685	\$10,264,806
May 7.....		75,109,008	18,906,813	68,027,309	10,473,543
" 14.....		74,801,575	19,454,146	68,609,105	10,334,185
" 21.....		74,542,679	21,210,584	70,497,536	10,219,090
" 28.....		73,735,869	23,174,333	74,588,603	10,237,440

The stock market has been irregular but active. Government bonds have been in demand from banks and investors, and the transactions have been heavy. The Windoms are quoted at 104. State bonds are less in favor—Virginia bonds are, however, in demand, and Tennessees are offered for sale with some fluctuations in price, due to the litigation on the new Funding law.

Railroad bonds are steady and railroad shares active. The speculators predict a lively summer campaign in consequence of the expectation that the Treasury will distribute this year \$70,000,000 of surplus revenue in payment for bonds, and especially as the money market is likely to be extremely well supplied from other sources. Subjoined are our usual quotations :

QUOTATIONS:	April 26.	May 3.	May 10.	May 17.	May 31
U. S. 6s, 1881, Coup...	103½ ..	103½ ..	105 ..	105½ ..	104½
U. S. 4½s, 1891, Coup...	113½ ..	114½ ..	115½ ..	116 ..	115½
U. S. 4s, 1907, Coup...	115½ ..	116½ ..	116½ ..	117½ ..	118
West. Union Tel. Co...	115½ ..	116½ ..	116½ ..	121¾ ..	127½
N. Y. C. & Hudson R.	142¾ ..	147 ..	146½ ..	149½ ..	149½
Lake Shore.....	122¾ ..	128¾ ..	127¾ ..	130¾ ..	131
Chicago & Rock Island	135½ ..	136 ..	137½ ..	145 ..	143½
New Jersey Central...	97¾ ..	98¾ ..	101 ..	103¾ ..	101½
Del., Lack. & West....	117½ ..	120½ ..	123½ ..	125½ ..	126½
Delaware & Hudson..	108¾ ..	110½ ..	111¾ ..	113½ ..	111½
Reading.....	56¾ ..	53¾ ..	55¾ ..	60 ..	58¾
North Western.....	121¾ ..	126¾ ..	127¾ ..	128½ ..	129½
Pacific Mail.....	50¾ ..	52¾ ..	55¾ ..	55 ..	52¾
Erie.....	45½ ..	47½ ..	49¾ ..	50 ..	48½
Discounts.....	4% @ 5 ..	4% @ 5 ..	4 @ 4½ ..	4 @ 4½ ..	3½ @ 4
Call Loans.....	3 @ 4 ..	3 @ 4 ..	3 @ 4 ..	3 @ 4 ..	2½ @ 3½
Bills on London.....	4.83½-4.85 ..	4.83½-4.85 ..	4.84½-4.86½ ..	4.84½-4.87 ..	4.82½-4.84½
Treasury balances, coin	\$ 75,960,502 ..	\$ 73,495,572 ..	\$ 68,602,471 ..	\$ 65,603,725 ..	\$ 71,034,339
Do. do. cur.	\$ 4,887,099 ..	\$ 5,278 811 ..	\$ 5,800,580 ..	6,270,227 ..	\$ 6,734,893

From 1850 to 1880, the United States gold coinage consisted of \$920,000,000 in double eagles, \$44,000,000 in eagles, \$40,000,000 in half eagles and \$42,000,000 in pieces of smaller denominations.

The Director of the United States Mint makes the following estimate of the gold circulation of the United States (including gold bullion) :

	May 2, 1881.	Gain since July 1, 1879.
In Treasury.....	\$ 170,000,000 ..	\$ 35,000,000
" Banks.....	94,000,000 ..	59,000,000
" Circulation.....	256,000,000 ..	140,000,000
Total.....	\$ 520,000,000 ..	\$ 234,000,000

During the month of April, the excess of the exports of merchandise over imports was \$11,727,546. The excess of the imports of coin and bullion over exports was \$14,063,501.

In April, 1880, the merchandise imports exceeded the exports by the sum of \$3,805,917, and the coin and bullion imports exceeded the exports by the sum of \$725,645.

During the year ending March 31, 1881, our imports of silver (coin and bullion) amounted to \$11,247,393, and our exports to \$13,300,502.

It was estimated in Wall Street that during the second week in May \$10,000,000 of Government bonds were sold there on European account, and that about \$8,000,000 was transmitted to Europe to pay off the holders of old bonds on the reorganized Norfolk and Western Railroad.

From January 1 to May 16 there were received at the New York Custom-house for duties \$24,099,000 in gold, \$24,834,000 in silver certificates, \$3,070,000 in greenbacks and \$119,000 in silver dollars.

During the week ending May 12, there were received at the New York Custom House \$1,475,000 in silver certificates, \$1,148,000 in gold, \$94,000 in greenbacks and \$3,000 in silver dollars.

At the close of the day, May 20, according to a Washington dispatch, all the sixes, except \$15,000,000, had been presented for extension at three and a-half per cent.

During the year ending May 1, 1881, there was an increase of \$7,922,042 in the amount of National-bank notes outstanding, but there was an increase of \$16,828,336 in the amount of lawful money on deposit for the retirement of such notes, so that there was a net decrease of \$8,906,294 in that part of the paper circulation. This decrease, however, promises to be soon overcome. During the month of April there was an increase of \$5,044,495 in the amount of outstanding bank notes, and a decrease of \$2,147,435 in the deposits of lawful money for the retirement of such notes, so that altogether that part of the circulation was increased \$7,191,930.

The following were the principal bids made May 12 for Brooklyn city four-per-cent. bonds, payable in three years, viz: \$500,000 at 101.20; \$400,000 at 101.14; \$300,000 at 101.20; \$371,000 at 101. Mr. Daniel A. Moran bid for the whole amount offered (\$1,700,000), 101.439.

On the 18th of May the city of Cincinnati sold \$500,000 of four-per-cent. 10-20 bonds at 103.18.

The highest premium bid for the Delaware State four-per-cent. loan of \$715,000, offered in May, was 3.90. Of the whole loan, \$250,000 run from one to five years, \$300,000 from five to ten years and \$165,000 from ten to twenty years.

On the 6th of May the London and Westminster Bank bought \$1,000,000 of United States sixes, extended at three and a-half, at a reported premium of about one per cent.

The reduction by the Bank of England on the 28th of April of its rate of discount, from three to two-and-one-half per cent., was a surprise to many persons in London, who had been expecting an increase, rather than a reduction.

During the fiscal year ending March 31, 1880, the legacy and succession taxes collected in Great Britain were £3,706,606, or \$18,533,030.

In Pennsylvania last year, the State tax on "collateral inheritances" yielded \$605,441.

The San Francisco *Commercial Herald*, of April 28, said: "Loans can be negotiated from banks at 8@9 per cent. upon the best discount paper, and upon mortgage on repayable installment plan at 7@9 per cent."

During the year 1880 the gold in the Bank of France was reduced from 741,000,000 francs to 552,000,000.

The Bank of Belgium, which increased its discount rate on the 13th of November from three to three and a-half, made a further increase to four on the 2d of May. This is said to be on account of the stringency in the Paris market, where the correspondence (May 5) of the London *Economist* reports that "discount was almost impossible away from the bank." Some English writers say that the stock speculation at the French Capital is threatened with a crisis and collapse.

The subscriptions at 100½ for the \$10,000,000 loan at four and a-half per cent. of the Pennsylvania Central Railroad, was closed May 6. The amount taken in this country was \$7,000,000.

The semi-annual May dividend of the Pennsylvania Central Railroad was four per cent.

Allegheny County (Pennsylvania) has liquidated nearly all the losses by the Pittsburgh riots of 1877, by the payment of \$2,750,000. The adjustment of the remaining losses is not expected to require more than \$45,000.

A city paper, the *Shipping List*, of May 14, had the following paragraph: "It is said that the American members of the international monetary conference were directed, before going to Paris, not to agree to any international double standard between gold and silver, unless either Great Britain or Germany should consent to adopt the same ratio between the two metals." If the American delegates are controlled by any such directions, it has not been officially announced in this country, nor have the delegates themselves announced it to the conference. We shall probably not know under what directions they are really acting, until we see how they vote in the conference when the time for voting arrives.

Grain freights by steamships from New York to Liverpool declined from January 1 to the middle of May, from 7*d.* to 1½*d.* per bushel, being the lowest on record. The steamships make so much money from bringing immigrants that they can take outward freights very low.

On the 31st of December, 1880, the metallic reserve of the Austro-Hungarian Bank consisted of 108¼ million silver florins and 65 million gold florins. As compared with December 31, 1879, this was a gain of 2,677,561 silver florins and of 6,368,389 gold florins.

DEATHS.

At COLUMBUS, Indiana, on Saturday, April 30th, aged eighty years, FRANCIS J. CRUMP, President of the First National Bank of Columbus.

At PITTSBURGH, Pa., on Saturday, May 7th, aged seventy-two years, WILLIAM B. HOLMES, President of the Merchants' National Bank.

At GREENFIELD, Mass., on Tuesday, April 5, aged seventy-two years, WILLIAM KEITH, President of the Franklin County National Bank.

At SKANEATELES, N. Y., on Thursday, May 19, aged sixty-nine years, JOEL THAYER, President of the Bank of Skaneateles.

At LOUISVILLE, Ky., on Sunday, May 1st, aged sixty-five years, JULIUS VON BORRIES, late President of the Third National Bank.

At VINCENNES, Indiana, on Friday, May 6, aged forty-five years, WILSON J. WILLIAMS, President of the Vincennes National Bank.





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