

NELSON ALDRICH

Monetary Commission

MISCELLANY

MONETARY SYSTEMS AND APPROXIMATE STOCKS OF MONEY, IN THE AGGREGATE AND PER CAPITA, IN THE PRINCIPAL COUNTRIES OF THE WORLD, DECEMBER 31, 1906.

Country.	Monetary standard.	Monetary unit.	Population.	Stock of gold.				Stock of silver.			Uncovered paper.	Per capita.			
				In banks and public treasuries.	In circulation.	Total.	Full tender.	Limited tender.	Total.	Gold.		Silver.	Paper.	Total.	
			Thousands.	Thousands.	Thousands.	Thousands.	Thousands.	Thousands.	Thousands.	Thousands.					
1 United States	Gold	Dollar	85,400	a\$1,081,500	\$511,800	\$1,593,300	\$571,300	\$127,400	\$698,700	\$610,800	\$18.66	\$8.18	\$7.15	\$33.99	
2 Austria-Hungary	do	Crown	49,400	b229,500	b76,900	b306,400	(c)	b105,300	b105,300	b119,300	6.20	2.13	2.41	10.74	
3 Belgium	do	Franc	7,200	b20,200	d10,900	b431,100	d15,000	b9,700	d24,700	d125,800	4.32	3.43	17.47	25.22	
British Empire:															
4 Australasia	do	Pound sterling	4,800	b110,400	b14,600	b125,000	(c)	b10,000	b10,000	(c)	26.04	2.08		28.12	
5 Canada	do	Dollar	5,800	b62,400	(c)	b62,400	(c)	b6,700	b6,700	b72,500	10.76	1.15	12.50	24.41	
6 United Kingdom	do	Pound sterling	44,100	b195,400	b290,300	b486,700	(c)	b116,800	b116,800	b116,800	11.03	2.65	2.65	16.33	
7 India	do	Pound sterling and rupee.	295,200	e18,900	d318,400	ed337,300	(c)	b603,800	(c)	b603,800	1.14	2.05	.13	3.32	
8 South Africa	do	Pound sterling	7,700	b46,400	b15,000	b61,400	(c)	b20,000	b20,000	(c)	7.97	2.60		10.57	
9 Straits Settlements.	Silver	Dollar	5,400	b600	(c)	b600	b42,000	b7,000	b49,000	b22,200	.11	9.07	4.11	13.29	
10 Bulgaria	Gold	Lev	4,000	b7,200	(c)	b7,200	b1,000	b2,200	b3,200	b2,900	1.80	.80	.73	3.33	
11 Cuba	do	Peseta	1,600	b38,200	(c)	b38,200	(c)	d5,000	d5,000	(c)	23.88	3.12		27.00	
12 Denmark	do	Crown	2,600	b22,600	(c)	b22,600	(c)	b6,100	b6,100	b10,700	8.69	2.35	4.11	15.15	
13 Egypt	do	Piaster	11,200	d7,300	d132,700	d140,000	(c)	b15,000	b15,000	(c)	12.50	1.34		13.84	
14 Finland	do	Markkaa	2,800	g5,100	(c)	g5,100	(c)	g400	g400	g12,700	1.82	.14	4.54	6.50	
15 France	do	Franc	39,300	b520,100	b406,300	b926,400	b347,400	b63,700	b411,100	b269,200	23.57	10.46	6.85	40.88	
16 Germany	do	Mark	60,600	b145,700	b88,600	b1,030,300	(c)	b219,700	b219,700	b267,100	17.00	3.62	4.41	25.03	
17 Greece	do	Drachma	2,400	b5,400	b200	b5,600	b100	(c)	b100	b42,600	2.33	.04	17.75	20.12	
18 Haiti	do	Gourde	1,400	b1,000	(c)	b1,000	(c)	b1,500	b2,500	b7,600	.71	1.79	5.43	7.93	
19 Italy	do	Lira	33,700	b215,500	(c)	b215,500	b28,300	b3,400	b31,700	b150,600	6.39	.94	4.47	11.80	
20 Japan	do	Yen	51,700	b73,300	b6,800	b80,100	(c)	b48,200	b48,200	b96,900	1.55	.93	1.87	4.35	
21 Mexico	do	Peso	13,600	d8,600	d31,400	d40,000	b52,800	b4,000	b56,800	b51,200	2.94	4.18	3.76	10.88	
22 Netherlands	do	Florin	5,600	b26,700	b19,200	b45,900	b48,000	b4,600	b52,600	b57,800	8.20	9.39	10.32	27.91	
23 Norway	do	Crown	2,300	b8,300	(c)	b8,300	(c)	b3,100	b3,100	b7,000	3.61	1.35	3.04	8.00	
24 Portugal	do	Milreis	5,400	b5,500	b3,100	b8,600	(c)	b33,400	b33,400	b61,200	1.59	6.19	11.33	19.11	
25 Roumania	do	Leu	6,600	b20,700	(c)	b20,700	(c)	b600	b600	b27,600	3.14	.09	4.18	7.41	
26 Russia	do	Ruble	143,400	b609,000	b330,400	b939,400	(c)	b77,900	b77,900	(c)	6.55	.54		7.09	
27 Serbia	do	Dinar	2,700	b300	b1,900	b2,200	(c)	b3,200	b3,200	b1,500	.81	1.19	.55	2.55	
28 Siam	do	Tical	6,100	(c)	(c)	(c)	b44,500	(c)	b44,500	b1,100		7.29	.18	7.47	
South American States:															
29 Argentina	do	Peso	5,700	b90,000	b12,700	b102,700	(c)	(c)	(c)	b293,300	18.02		51.45	69.47	
30 Bolivia	Silver	Boliviana	1,800	b400	(c)	b400	b3,800	(c)	b3,800	(c)	.22	2.11		2.33	
31 Brazil	Gold	Milreis	16,000	i21,200	(c)	i21,200	(c)	b100	b100	b363,000	1.33	.06	22.63	24.02	
32 Chile	do	Peso	3,200	b2,000	(c)	b2,000	(c)	b6,700	b6,700	b42,300	.63	2.09	13.22	15.94	
33 Colombia	do	Dollar	4,500	b100	(c)	b100	(c)	(c)	(c)	b1,000,000	.02		222.22	222.24	
34 Ecuador	do	Sucre	1,300	b1,800	b1,900	b3,700	(c)	b1,400	b1,400	b1,900	2.85	1.07	1.46	5.38	
Guiana:															
35 British	do	Pound sterling	300	b100	(c)	b100	(c)	b100	b100	b600	.33	.33	2.00	2.66	
36 Dutch	do	Florin	100	b200	(c)	b200	(c)	b200	b200	b200	2.00	2.00	2.00	6.00	
37 French	do	Franc	100	(c)	(c)	(c)	(c)	(c)	(c)	b600			6.00		
38 Paraguay	do	Peso	700	b100	(c)	b100	(c)	(c)	(c)	b35,000	.14		50.00		
39 Peru	do	Sol	4,600	b2,900	b3,900	b6,800	(c)	b2,400	b2,400	(c)	1.48		.52		
40 Uruguay	do	Peso	1,000	b15,500	(c)	b15,500	(c)	b4,300	b4,300	b1,700	15.50	4.30	1.70	21.50	
41 Venezuela	do	Bolivar	2,600	b300	(c)	b300	(c)	b700	b700	(c)	.11	.27			
42 Spain	do	Peseta	18,800	b90,900	(c)	b90,900	(c)	b173,700	b173,700	b97,100	4.84	9.24	5.16	19.24	
43 Sweden	do	Crown	5,300	b19,400	b3,200	b22,600	(c)	b7,700	b7,700	b34,800	4.26	1.45	6.57	12.28	
44 Switzerland	do	Franc	3,300	b21,200	b7,800	b29,000	(c)	b11,600	b11,600	b24,600	8.79	3.51	7.45	19.75	
45 Turkey	do	Piaster	24,000	d10,000	d40,000	d50,000	d30,000	d10,000	d40,000	(c)	2.07	1.66		3.73	
46 Central American States.	Silver	Peso	4,700	b2,000	(c)	b2,000	(c)	b7,400	b7,400	b62,900	.43	1.57	13.38	15.38	
47 China	do	Tael	330,100	(c)	(c)	(c)	d350,000	(c)	d350,000	(c)		1.06		1.06	
Total			1,330,100	3,764,900	3,124,000	6,888,900	2,139,000	1,121,200	3,260,200	4,132,000	5.18	2.45	3.10	10.73	

a In United States Treasury and national banks.
 b Official information furnished through United States representatives.
 c No information.
 d Estimate, Bureau of the Mint.
 e The figures for the total stock of gold in India are for the net imports since 1893-94 plus the production of the country. The amount in the government treasury is from official advices. The net imports of gold since 1835-36, when the records begin, amount to \$841,407,489, and the production recorded to \$115,080,200. The tide of gold and silver has been flowing into India for centuries.

f Includes Straits Settlements, the Malay States, and Johore.
 g L'Economiste Europeen, January 1, 1906.
 h Except Costa Rica and British Honduras—gold-standard countries.
 i Le Marche Financier, 1907.
 NOTE.—The value of the monetary stock of the silver-standard countries has been changed to conform to the decline in silver values. The monetary stock of Mexico and other countries where the Mexican dollar circulates is given in Mexican dollars at bullion value.

MONETARY SYSTEMS AND APPROXIMATE STOCKS OF MONEY, IN THE AGGREGATE AND PER CAPITA, IN THE PRINCIPAL COUNTRIES OF THE WORLD, DECEMBER 31, 1906.

Country.	Monetary standard.	Monetary unit.	Population.	Stock of gold.				Stock of silver.			Per capita.			
				In banks and public treasuries.	In circulation.	Total.	Full tender.	Limited tender.	Total.	Uncovered paper.	Gold.	Silver.	Paper.	Total.
			Thousands.	Thousands.	Thousands.	Thousands.	Thousands.	Thousands.	Thousands.	Thousands.				
1 United States.....	Gold.....	Dollar.....	85,400	a\$1,081,500	\$511,800	\$1,593,300	\$571,300	\$127,400	\$698,700	\$610,800	\$18.66	\$8.18	\$7.15	\$33.99
2 Austria-Hungary....	do.....	Crown.....	49,400	b229,500	b76,900	b306,400	(c)	b105,300	b105,300	b119,300	6.20	2.13	2.41	10.74
3 Belgium.....	do.....	Franc.....	7,200	b20,200	d10,900	b31,100	d15,000	d9,700	d24,700	d125,800	4.32	3.43	17.47	25.22
British Empire:														
4 Australasia.....	do.....	Pound sterling..	4,800	b110,400	b14,600	b125,000	(c)	b10,000	b10,000	(c)	26.04	2.08		28.12
5 Canada.....	do.....	Dollar.....	5,800	b62,400	(c)	b62,400	(c)	b6,700	b6,700	b72,500	10.76	1.15	12.50	24.41
6 United Kingdom....	do.....	Pound sterling..	44,100	b196,400	b290,300	b486,700	(c)	b116,800	b116,800	b116,800	11.03	2.65	2.65	16.33
7 India.....	do.....	Pound sterling..	295,200	e18,900	d318,400	e437,300	b603,800	(c)	b603,800	b38,900	1.14	2.05	.13	3.32
8 South Africa.....	do.....	Pound sterling..	7,700	b46,400	b15,000	b61,400	(c)	b20,000	b20,000	(c)	7.97	2.60		10.57
9 Straits Settlements..	Silver..	Dollar.....	5,400	b600	(c)	b600	b42,000	b7,000	b49,000	b22,200	.11	9.07	4.11	13.29
Bulgaria.....														
10 Bulgaria.....	Gold.....	Lev.....	4,000	b7,200	(c)	b7,200	b1,000	b2,200	b3,200	b2,900	1.80	.80	.73	3.33
11 Cuba.....	do.....	Peseta.....	1,600	b38,200	(c)	b38,200	(c)	b5,000	(c)	(c)	23.88	3.12		27.00
12 Denmark.....	do.....	Crown.....	2,600	b22,600	(c)	b22,600	(c)	b6,100	b6,100	b10,700	8.69	2.85	4.11	15.15
13 Egypt.....	do.....	Piaster.....	11,200	d7,300	d132,700	d140,000	(c)	b15,000	b15,000	(c)	12.50	1.34		13.84
14 Finland.....	do.....	Markkaa.....	2,400	g5,100	(c)	g5,100	(c)	g400	g400	g12,700	1.82	.14	4.54	6.50
15 France.....	do.....	Franc.....	39,300	b520,100	b405,300	b925,400	b347,400	b63,700	b411,100	b239,200	23.57	10.46	6.85	40.88
16 Germany.....	do.....	Mark.....	60,600	b145,700	b884,600	b1,030,300	(c)	b219,700	b219,700	b267,100	17.00	3.62	4.41	25.03
17 Greece.....	do.....	Drachma.....	2,400	b5,400	b200	b5,600	b100	(c)	b100	(c)	2.33	.04	17.75	20.12
18 Haiti.....	do.....	Gourde.....	1,400	b1,000	(c)	b1,000	b1,000	b1,500	b2,500	b7,600	.71	1.79	5.43	7.93
19 Italy.....	do.....	Lira.....	35,700	b215,500	(c)	b215,500	b28,300	b3,400	b31,700	b150,600	6.39	.94	4.47	11.80
20 Japan.....	do.....	Yen.....	51,700	b73,300	b6,800	b80,100	(c)	b48,200	b48,200	b96,900	1.55	.93	1.87	4.35
21 Mexico.....	do.....	Peso.....	13,600	d8,400	d31,400	d40,000	b52,800	b4,000	b56,800	b51,200	2.94	4.18	3.76	10.88
22 Netherlands.....	do.....	Florin.....	5,600	b26,700	b19,200	b45,900	b48,000	b4,600	b52,600	b57,800	8.20	9.39	10.32	27.91
23 Norway.....	do.....	Crown.....	2,300	b8,300	(c)	b8,300	(c)	b3,100	b3,100	b7,000	3.61	1.35	3.04	8.00
24 Portugal.....	do.....	Milreis.....	5,400	b5,500	b3,100	b8,600	(c)	b33,400	b33,400	b61,200	1.59	6.19	11.33	19.11
25 Roumania.....	do.....	Leu.....	6,600	b20,700	(c)	b20,700	(c)	b600	b600	b27,600	3.14	.09	4.18	7.41
26 Russia.....	do.....	Ruble.....	143,400	b609,000	b330,400	b939,400	(c)	b77,900	b77,900	(c)	6.55	.54		7.09
27 Serbia.....	do.....	Dinar.....	2,700	b300	b1,900	b2,300	(c)	b3,200	b3,200	(c)	6.55	.81		7.36
28 Siam.....	do.....	Tical.....	6,100	(c)	(c)	(c)	b44,500	(c)	b44,500	b1,100		7.29	.18	7.47
South American States:														
29 Argentina.....	do.....	Peso.....	5,700	b90,000	b12,700	b102,700	(c)	(c)	(c)	b293,300	18.02		51.45	69.47
30 Bolivia.....	Silver.....	Boliviana.....	1,800	b400	(c)	b400	b3,800	(c)	(c)	(c)	.22	2.11		2.33
31 Brazil.....	Gold.....	Milreis.....	16,000	i21,200	(c)	i21,200	(c)	b100	b100	(c)	1.33	.06	22.63	24.02
32 Chile.....	do.....	Peso.....	3,200	b2,000	(c)	b2,000	(c)	b6,700	b6,700	b42,300	.63	2.09	13.22	15.94
33 Colombia.....	do.....	Dollar.....	4,500	b100	(c)	b100	(c)	(c)	(c)	b1,000,000	.02		222.22	222.24
34 Ecuador.....	do.....	Sucre.....	1,300	b1,800	b1,900	b3,700	(c)	b1,400	b1,400	b1,900	2.85	1.07	1.46	5.38
Guiana.....														
35 British.....	do.....	Pound sterling..	300	b100	(c)	b100	(c)	b100	b100	b600	.53	.33	2.00	2.66
36 Dutch.....	do.....	Florin.....	100	b200	(c)	b200	(c)	b200	b200	(c)	2.00	2.00	2.00	6.00
37 French.....	do.....	Franc.....	100	(c)	(c)	(c)	(c)	(c)	(c)	b600			6.00	
38 Paraguay.....	do.....	Peso.....	700	b100	(c)	b100	(c)	(c)	(c)	b35,000	.14		50.00	
39 Peru.....	do.....	Sol.....	4,600	b2,900	b3,900	b6,800	(c)	b2,400	b2,400	(c)	1.48		.52	
40 Uruguay.....	do.....	Peso.....	1,000	b15,500	(c)	b15,500	(c)	b4,300	b4,300	b1,700	15.50	4.30	1.70	21.50
41 Venezuela.....	do.....	Bolivar.....	2,600	b300	(c)	b300	(c)	b700	b700	(c)	.11	.27		.38
42 Spain.....	do.....	Peseta.....	18,800	b90,900	(c)	b90,900	(c)	b173,700	b173,700	b97,100	4.85	9.24	5.16	19.24
43 Sweden.....	do.....	Crown.....	5,300	b19,400	b3,200	b22,600	(c)	b7,700	b7,700	b34,800	4.25	1.45	6.57	12.28
44 Switzerland.....	do.....	Franc.....	3,300	b21,200	b7,800	b29,000	(c)	b11,600	b11,600	b24,600	8.79	3.51	7.45	19.75
45 Turkey.....	do.....	Piaster.....	24,000	d10,000	d40,000	d50,000	d30,000	d10,000	d40,000	(c)	2.07	1.06		3.73
46 Central American States.	Silver h.	Peso.....	4,700	b2,000	(c)	b2,000	(c)	b7,400	b7,400	b62,900	.43	1.57	13.38	15.38
47 China.....	do.....	Tael.....	330,100	(c)	(c)	(c)	d350,000	(c)	d350,000	(c)		1.06		1.06
Total.....			1,330,100	3,764,900	3,124,000	6,888,900	2,139,000	1,121,200	3,260,200	4,132,000	5.18	2.45	3.10	10.73

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b Official information furnished through United States representatives.

c No information.

d Estimate, Bureau of the Mint.

e The figures for the total stock of gold in India are for the net imports since 1893-94 plus the production of the country. The amount in the government treasury is from official advices. The net imports of gold since 1835-36, when the records begin, amount to \$811,407,489, and the production recorded to \$115,080,200. The tide of gold and silver has been flowing into India for centuries.

f Includes Straits Settlements, the Malay States, and Jehore.

g L'Economiste Europeen, January 1, 1906.

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Treasury Department, Bureau of the Mint,
December, 1907.

FISK & ROBINSON

MONTHLY BULLETIN OF INVESTMENTS

December 1, 1907

Financial Legislation. It is far more profitable to consider ways in which the currency system of the United States can be improved, than to discuss the causes which produced the financial stress. As now organized, our monetary system, involving a bond secured circulation devoid of adequate facilities for contraction and expansion, is little short of a national peril, and at best it is an ever present menace to the growth and development of all sections of our country. It is therefore most gratifying to learn that our Chief Executive is assured that a currency measure calculated to meet permanently the needs of the country is receiving the consideration of the leaders of Congress.

The question is of such gravity that partisanship should no longer find place in its discussion. Patience and forbearance on the part of the public must be exercised. The need of wise currency revision is most urgent, but there is danger in undue haste. Secretary Cortelyou has well said that while money panic is bad enough, legislative panic may be worse.

It is a time to utilize to the fullest the experiences of other nations, and to that end a brief review of suggested measures of relief is presented in comparison with the methods used by other governments. Broadly speaking, there are practically but two ways worthy of serious attention: "Assets currency", or more properly "bank credit currency", as typified by the Canadian system, and the central bank, or central agency plan, as successfully employed by Germany, France and other European nations.

"Emergency currency" based solely on a high interest rate is in the nature of a palliative; it is fragmentary and at best is but an undesirable substitute for some of the features of bank credit currency. It would be a pity for Congress to waste time on its consideration.

For comparison with the Canadian currency system, there have been selected, as representing a wide range of interests, the recommendations of the committee appointed by the New York Chamber of Commerce, the bill reported by Charles N. Fowler, Chairman of the Committee on Finance and Currency in the House of Representatives and the recommendations of the committee appointed by the American Bankers' Association.

While the three plans seek to preserve the present bond-secured bank notes, they extend the circulation through the medium of bank credit currency, in order to obtain the much needed elasticity, the lack of which is the chief weakness of our currency system. From the comparison it will be seen that there are no material differences in the underlying principles of the plans suggested and the long-tried and eminently successful Canadian currency system. With such minor changes in details as Congress may deem desirable, any one of them would serve well our currency needs.

The Canadian Bank Act practically provides only for a currency system, therefore the central agency plan suggested for the United States is compared with the Imperial Bank of Germany and the Bank of France. In reviewing all the analyses it will be seen that there are only three vital points, and in the order of their importance they are:

- The issue of properly protected bank credit notes to insure elasticity;
- Rediscounting facilities for banks; and
- The deposit and disbursement of Government moneys.

Comparison of the analyses of the currency systems and the central agency plan, makes it plain that while both provide for the first, that is, elasticity in our circulation, only the central agency plan would secure the benefits of all three. Both proposed and existing plans recognize the fundamental principle that there is no substantial difference between bank book credits and bank note credits, and provide for speedy note redemption, so essential to the success of a bank credit currency.

Not only has public interest in this subject been thoroughly aroused by recent events, but any lack of information concerning ways of improving our banking and currency laws has been supplied by the discussions which have been going on for many months, and to which the press has given generous space. In view of this fact, as well as of the interest now existing, it is reasonable to expect in the near future legislation of a satisfactory character.

BANK CREDIT CURRENCY UNDER INDIVIDUAL BANK PLAN.

	Canadian Plan (1)	New York Chamber of Commerce Plan	Provisions of Fowler Bill	American Bankers Association Plan
Eligible Banks of Issue	Banks of \$500,000 capital or over, \$250,000 of which has been paid in.	Any National Bank whose bond-secured circulation equals 50 per cent. of its capital.	Any National Bank, 1 year old, whose surplus equals 20 per cent. of its capital. (2)	Identical with Fowler Bill.
Note Issues	May be equal to paid up capital.	Credit notes may equal 35 per cent. of capital.	First issue limited to 40 per cent. of outstanding bank notes—but not to exceed 25 per cent. of capital. (3) Second issue equal to 12½ per cent. of capital may be made. Total of bank notes and credit notes must not exceed paid up capital.	Identical with Fowler Bill.
Taxation	None on bank circulation but banks must provide redemption fund of 5 per cent. of credit notes.	2 per cent. per annum on first 5 per cent. of issue, 3 per cent. on second 5 per cent., 4 per cent. on third 5 per cent., making a total of 15 per cent., then a 10 per cent. issue at 5 per cent. and a possible second 10 per cent. issue at 6 per cent.	3 per cent. per annum on first issue, and 5 per cent. on second issue payable in gold coin to U. S. Treasurer.	2½ per cent. per annum on first issue and 5 per cent. on second issue.
Collateral Security for Notes	None required. Notes are first charge against bank assets and shareholders' liability.	None required. Notes to be a charge against bank assets.	None required. Notes to be a charge against bank assets.	None required.
Reserves	None required, but of those held 40 per cent. must be Dominion government notes.	None required.	In reserve and central reserve cities, to be "lawful money" to amount of 25 per cent. of credit notes; in other cities 15 per cent. (4)	To be same as now required against deposits. This is practically identical with the Fowler Bill
Redemption Fund for Notes of failed Banks	Is 5 per cent. on average circulation of previous year kept on deposit (at 3 per cent.) with Minister of Finance. Notes of suspended banks to bear interest at 5 per cent. not to exceed 60 days. All banks must contribute not more than 1 per cent. per annum to keep fund at maximum.	To consist of the graduated tax on circulation. U. S. Treasury, to redeem notes of failed banks on presentation and to recoup itself from Redemption Fund and from assets of failed bank.	To consist of the tax on circulation. U. S. Treasury to redeem notes of failed banks in gold on presentation and recoup itself from Redemption Fund and from assets of failed banks. Preliminary and returnable deposit in gold of 5 per cent. of credit notes to be made for Redemption Fund purposes.	Identical with Fowler Bill except as to specifically stating that the notes are charge against bank assets.
Redemption Agencies	Must be provided by each bank at designated places so that notes may be redeemed at par in coin or Dominion notes.	To be Sub-treasuries and other convenient points to be designated.	To be indicated by Comptroller of the Currency who shall fix rules and regulations for redemption of credit notes.	Identical with Fowler Bill.
Limit of Retirement	None provided.	None provided.	None provided.	None provided.
Shareholders' Liability	Equal to stock subscribed in addition to any portion not fully paid.	None provided. National Bank Act provides for shareholders' liability.	None provided. National Bank Act provides for shareholders' liability.	None provided. National Bank Act provides for shareholders' liability.

1. Penalties for violation of provisions of Canadian Bank acts are in the main severe.
2. National bank note issues to remain as at present but substitution of credit note issues for bank note issues is provided for.
3. Readjustment provided for in case of diminution in present proportion of outstanding government bonds to total capitalization of national banks.
4. National banks of reserve cities may keep one-half of their lawful money reserves in central reserve cities, and other banks may keep three-fifths of their reserves in reserve and central reserve cities.

BANK CREDIT CURRENCY UNDER CENTRAL AGENCY PLAN.

	Imperial Bank of Germany	Bank of France	Suggested U. S. Central Agency
Capitalization	180,000,000 marks. (\$42,840,000)	182,500,000 francs. (\$35,222,000)	About 50,000,000 dollars.
Shareholders	Private citizens.	Private citizens.	National Banks in proportion to their capital.
Administrative Organization	Head of Institution, Prime Minister of the Empire who appoints active manager. Board of Directors appointed by Emperor, acts in conjunction with advisory board appointed by shareholders.	Governor of bank appointed by President of France. Board of Directors or Regents appointed by shareholders.	Head of Institution to be a government officer designated by the President. Government Board of Directors and Board selected by National Banks to govern through joint Executive Committee.
Branch Banks	Provided for.	Provided for.	National Banks to take place of branches.
Duties	To aid in managing the public debt; to receive and disburse government monies; to issue bank credit notes, to receive current accounts and to make loans and discounts.	To aid in managing the public debt; to receive and disburse government monies; to issue bank credit notes; to receive current accounts and make loans and discounts.	To deal exclusively with banks; to receive and disburse government monies; to act as government agents in reducing paper money; to issue currency; to rediscount for banks but not to make loans on stocks or bonds.
Bank Credit Notes	Unlimited.	Fixed by law from time to time; now limited to \$1,160,000,000. Actual issues have never reached limit.	See details of proposed plans for bank credit notes as presented herewith. In addition the suggestion has been made that the central agency be permitted to make a limited note issue devoid of restrictions.
Taxation	5% per annum on issues in excess of \$112,500,000 unless wholly covered by metallic reserve.	Only bank and stamp tax such as other French banks pay.	
Collateral Security	None.	None.	
Reserves	Must be equal to actual circulation and to consist of 1/2 lawful German money and balance in 3 months commercial paper.	None required but nearly \$600,000,000 of gold reserve is carried for various purposes.	
Redemption Fund	No guarantee fund or prior lien provision, note holders and depositors on same footing. Redemption must be in coin.	No guarantee fund or prior lien provision, note holders and depositors on same footing. Redemption must be in coin.	
Redemption Agencies	Provided for.	Provided for.	

Government Bonds. The activity in the Government bond market in November was in marked contrast to the dullness which prevailed in October. The shortage of currency was at once reflected in the demand from banks for bonds for circulation purposes.

As usual, this demand was largely for the 2 per cent. issues. As the market advanced under the influence of this buying, many of the banks, notwithstanding the shortage of currency, would have taken advantage of the higher prices to sell these issues had it not been practically impossible to obtain legal tender notes with which to retire the circulation outstanding against the bonds. Prices for both the 2s of 1930 and the Panama 2s continued to rise, finally showing net advances of 3 points to 109 1/2 flat and 5 points to 109 flat, respectively.

At the high level many prospective buyers of 2s withdrew from the market, while the offerings of 2s continued. This produced gradually receding prices until November 18th, when the announcement by the Secretary of the Treasury that \$100,000,000 one-year 3 per cent. exchequer bonds and \$50,000,000 Panama 2s would be sold caused the market to decline sharply. At the close of the month the 2s of 1930 were offered at 104 1/2 ex, and Panama 2s at 104 flat.

The scarcity of 2 per cent. bonds during the month resulted in a good demand for the 3s of 1908 from banks believing that an opportunity will be offered by the Treasury Department between now and August 1st next to refund that issue into 2s of 1930 on an attractive basis. This issue quickly advanced from 102 bid to 103 3/8 bid, although assuming maturity to be August 1, 1908, holders will receive from the Government to that time in principal and interest, only 102 1/4. Following the announcement of the sale of exchequer 3s, the 3s of 1908 declined to 100 1/4 bid, offered at 101 1/4.

Up to the time of going to press no official announcement had been made concerning the subscriptions to either of the two new issues.

Among the many comparisons of bond prices possible at the present time, none possesses greater interest than one based on market quotations now prevailing, the "low" of November, 1906, and the lowest figures for 1903, which also was a time of unusual depression. Many high-grade railroad bonds which stood the test of years have established new low records, at a time when earnings, maintenance, and general conditions of the majority of companies are without parallel. Those noted below, which form absolutely safe investments of an unusually attractive character, indicate clearly the remarkable decline which has taken place :

	To Yield About	At Present Price (flat)	Low of November, 1906	Low 1903
Atchison, Topeka & Santa Fe Railway	4.30%	94	100 $\frac{5}{8}$	97 $\frac{1}{2}$
General 4s, Interest April & October, Due October, 1995 (m)				
Atlantic Coast Line Railroad	4.90%	85	97 $\frac{3}{4}$	89 $\frac{1}{2}$
First 4s, Interest March & September, Due July, 1952 (k)				
Baltimore & Ohio Railroad	4.35%	93 $\frac{3}{4}$	100	99 $\frac{1}{4}$
First 4s, Interest April & October, Due July, 1948 (f)				
Baltimore & Ohio Railroad	4.70%	87	93 $\frac{3}{4}$	91 $\frac{1}{2}$
Prior Lien 4s, Interest Jan. & July, Due July, 1925 (f)				
Buffalo & Susquehanna Railroad	4.50%	90 $\frac{3}{4}$	98	98 $\frac{1}{2}$
First Refunding 4s, Interest Jan. & July, Due April, 1951 (k)				
Central Railroad of New Jersey	4.45%	114 $\frac{1}{2}$	128 $\frac{3}{4}$	126 $\frac{3}{4}$
General 5s, Interest Jan. & July, Due July, 1987 (b)				
Chicago, Burlington & Quincy Railroad	4.40%	84 $\frac{1}{4}$	93 $\frac{7}{8}$	89 $\frac{1}{2}$
Illinois Division 3 $\frac{1}{2}$ s, Interest Jan. & July, Due July, 1949 (e)				
Chicago, Milwaukee & St. Paul Railway	4.05%	100	107 $\frac{7}{8}$	103
General Mortgage 4s, Interest Jan. & July, Due May, 1989 (b)				
Chicago, Milwaukee & St. Paul Railway	4.70%	105	112 $\frac{1}{4}$	112
Chicago & Pacific West Div., First Mortgage Gold 5s, Interest Jan. & July, Due Jan., 1921 (b)				
Chicago, Rock Island & Pacific Railway	4.45%	92	101 $\frac{3}{4}$	99
General Mortgage Gold 4s, Int. Jan. & July, Due Jan., 1988 (d)				
Cleveland, Cincinnati, Chicago & St. Louis Railway	4.35%	92	102 $\frac{1}{2}$	95
General 4s, Interest June & Dec., Due June, 1993 (m)				
Lake Shore & Michigan Southern Railway	5.25%	85 $\frac{1}{2}$	98 $\frac{1}{2}$	not quoted
25 Year Debenture 4s, Int. March & Sept., Due Sept, 1928 (f)				
Louisville & Nashville Railroad	4.55%	92	101 $\frac{1}{4}$	97 $\frac{1}{2}$
Unified 4s, Interest Jan. & July, Due July, 1940 (d)				
New York Central & Hudson River Railroad	4.05%	88 $\frac{1}{2}$	94 $\frac{1}{8}$	95
Gold Mortgage 3 $\frac{1}{2}$ s, Interest Jan. & July, Due July, 1997 (j)				
Northern Pacific Railway	4.15%	97 $\frac{1}{2}$	103	99 $\frac{1}{2}$
Prior Lien 4s, Interest quarterly Jan., Due Jan., 1997 (m)				
Oregon Short Line Railroad	5.10%	111	123 $\frac{1}{8}$	120
First Mortgage 6s, Int. Feb. & Aug., Due February, 1922				
Oregon Short Line Railroad	4.80%	105	116	109
First Consolidated 5s, Int. Jan. & July, Due July, 1946				
St. Louis, Iron Mountain & Southern Railway	4.90%	102	113 $\frac{3}{8}$	109 $\frac{1}{8}$
General Consolidated and Land Grant 5s, Interest April & October, Due April, 1931 (n)				
Union Pacific Railroad	4.15%	99	102 $\frac{5}{8}$	99 $\frac{1}{8}$
First Mort. and Land Grant 4s, Int. Jan. & July, Due July, 1947(i)				
Wabash Railroad	4.90%	102	112 $\frac{1}{2}$	112 $\frac{1}{2}$
First Mortgage Gold 5s, Interest May & Nov., Due May, 1939(h)				

Legal investments for saving banks: (b) in Conn., Maine, Mich., Minn., N. H., N. J., N. Y. and Wis.; (c) in N. J.; (d) in Conn., Mich., Minn., N. H., N. J., N. Y. and Wis.; (e) in Conn., Maine, Mass., Mich., N. H. and N. Y.; (f) in N. H.; (g) in Conn., Mass., N. H., N. J. and N. Y.; (h) in Maine; (i) in Maine, Mich., Minn., N. H., N. J. and Wis.; (j) in Conn., Maine, Mass., Mich., Minn., N. H., N. J., N. Y. and Wis.; (k) in Conn., Mich., Minn., N. H., N. J. and Wis.; (l) in Maine, Mich., N. H. and N. J.; (m) in Mich., N. H., N. J., N. Y., Minn. and Wis.; (n) in Conn., Mich., Minn., N. J. and Wis.

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BANKERS AND DEALERS IN INVESTMENT SECURITIES

Direction to
prepare notes

1. Congress shall authorize and direct the Secretary of the Treasury to prepare and keep continuously on hand for use as hereinafter provided, notes of the ^{National} Banks, belonging to the different Reserve Cities, for an amount equal to the capital of such Banks respectively.

Denominations.

2. Such notes shall be in denominations of ones, twos, fives, tens and fifties, and payable to bearer.

Time and man-
ner of redemp-
tion

3. Such notes shall be redeemable in lawful money of the United States at the pleasure of the holder at any Sub-Treasury from which they may have been issued or at the Sub-Treasury in the City of New York without discrimination and must be redeemed within six months of their date of issue, or, in lieu of such redemption, the issuing Bank may deposit in the Treasury of the United States lawful money thereof or other National Bank notes to an amount equal to the outstanding notes issued hereunder. To the extent that such payments shall be made in Bank notes, other than those of the borrowing Bank, said notes shall be set apart and held in the Treasury, to repay and redeem the notes so issued.

4. Said notes shall be receivable by the Government at any time in payment of its excise dues or other fiscal charges and by the Assistant Treasurers of the United States,

Acceptance by
Government for
taxes and loans

without regard to their place of issue, when offered for payment of loans. They shall also be receivable by National Banks in payment of debts, when not otherwise provided by contract.

Security for
notes

5. Upon the issuance of such notes, the borrowing Bank shall deliver to the Treasurer of the United States, its promissory obligation payable ^{at the option of the borrower,} to his order on or ^{before,} six months after the borrowing date and shall secure the same by the pledge of collateral notes or debt obligations, received by the borrowing Bank in the regular course of its business affairs, provided, however, said notes or obligations shall have been first authenticated and approved as sufficient and good security by a properly constituted Committee of the Clearing House Association of the Reserve City, in which they are issuable, with which Clearing House Association the borrowing Bank must be associated, and provided further that the associated members of said Clearing House shall bind themselves in due and legal form to make good, proportionately to their respective capitals and surpluses, any loss or damage, which may be occasioned by the failure of the borrowing Bank to repay the notes, so issued, in accordance with its promise.

6. The said promissory obligations of the borrowing Bank shall, to the extent of 50% of the capital of the issuing Bank, bear interest at the rate of 4% per annum,

Interest charges and indemnity fund

and, to the extent of 50% of its said capital, shall bear interest at the rate of 6% per annum. The proceeds derived from this interest charge shall constitute an Indemnity Fund, until the amount reaches \$10,000,000, and all amounts received in excess of said sum, shall be paid into the general Treasury of the United States.

Amount of issue

7. No Bank shall issue its notes in an amount, which is in excess of its capital, nor shall the issue of notes under the provisions of this Act at any one time exceed \$300,000,000.

Discretionary power of Secretary

8. The powers, hereby granted to and the duties hereby imposed upon the Secretary of the Treasury, shall be continuous, provided, however, that whenever it shall appear that, through contraction of notes so issued, the amount of said outstanding notes, against which no deposit shall have been made as in Article 3 provided, shall not be in excess of \$10,000,000, further notes shall not be authorized, until such time as the Secretary of the Treasury shall again deem it necessary.

Issue
Important

The importance of the question 1

What is involved in its wise solution

First & most important
The duty of government to supply sound money

Sufficient in quantity

Stable in value to maintain equitable relations

What we have ^{U.S. notes}
Silver & Gold Cert
& N.B. notes

No necessity for an academic discussion
of the ^{monetary} theories of the economists

There is such a consensus of opinion

among modern authorities
certain invariable conditions imposed upon
the money legislators

It must should equivalent } in value
& constant } purchasing power

~~Salmon~~
~~the~~
~~importance~~
importance of importance of the subject

to be considered ~~without~~ with sole reference to the wants of all the people

and without regard to the supposed interests of sections or classes without appeals & passion or prejudice

The inference that the representatives of certain states or sections alone have the right to speak with authority and that those who represent other sections be precluded from having a voice

That the vociferous demands to be accepted as the only true apostles

That an unfortunate residence in the East

The universal preference for paper
representatives of metallic money

of reform in banking methods. I have already alluded to the inadequacy of bank reserves. When we compare the reserves of our banks with those of European institutions the inadequacy becomes painfully apparent. For instance, as I have already stated, the Bank of France has reserves in gold and silver equal to 86 per cent of its outstanding notes. The Banks of England has a reserve in gold equal to 64 per cent of its outstanding issues, while the Imperial Bank of Germany has a cash reserve of 48 per cent against its note issues. The national banks of the United States, however, have a cash reserve of little more than 10 per cent against their demand liabilities.

All of the great financial centres have felt the influence of a speculative spirit which has resulted in a dangerous over-expansion of bank credits.

Knopf p 317

Gallatin

Considerations on the Currency
& Banking Systems of the U.S.
p 50 + 75

Justice Story

+1 Peters 349

The Treasury makes a distinction between the active and regular depositary banks and the special banks.

In the former case, they are helpful in doing the business of the government, and are considered a part of the Treasury in its working operations. Therefore, they should not be classed in the category of depositary banks that are simply borrowers of public funds.

It would seem that the latter would rightfully be more amenable to taxation on the deposits of public moneys, as they practically return no equivalent service.

4

2
Can not have general
reconstruction not feasible
or possible G

(3) Three antagonistic general
plans. H

Central Banks I

Asset Currency
~~conflict between them~~ J
U.S. ~~Notes~~ ^{with all or none} K

Parliament ~~passed~~ of both -
all plans ~~depend~~ upon L
- details -

What plan shall we
adopt. Emergency notes M

Experiences of J. O. N O

Germany + South N

France | Small 3 P
in money reserves

What is necessary as shown
by our own experience
+ those of other countries
Requisites

State our plan
+ what it will do R

Answer objections S

Not profitable T

No securities not true U

Reduce loaning
power Y

Should not
require securities Y''

raise the rate of interest
+ that borrowers would have to pay

Is there any imperative reason why our system should be reconstructed immediately

XX

What is the system?

Act of 1900

X

Small proportion ^{+ results} Bank notes in system

What is the fault most frequently found

Y

Rigidity

Y

inelastic ^{is it compare} others

Z

Not scientific

A'

no connection between loans and amount currency outstanding ^{answer} Canada

It has answered every question

B

Prior to the war elasticity

C'

not thought desirable

Action of Minnesota
Nebraska & Indiana
Bankers asset
banking

Make sections 5224 - 5234
apply when practicable

Bank notes not much
important or
influential part
of our system
Show by figures
its fluctuations not
controlling
as a matter of fact there
is no relation between
loan and rate of note
issue
under control by other influences
entirely Divorce General

Confusion
between
currency
& Capital

Imports of goods for last
 five months of the years
 named.

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
1900	-	18,438,673						2,633,072	Ex			
1901	-	9,340,204						8,539,711	Ex			
1902	-	21,541,537						5,873,410	Ex			
1903	-	42,767,600						24,082,924	Ex			
1904	- *							24,779,197	Ex			
1905	-	22,907,108						8,125,700	Im			
1906	-	69,411,073						50,001,752	Im			
1907	-	106,970,219						21,922,910	Ex			

* Exports exceeded imports
 by 23,565,095

excess of imports
 Average for this period
 \$ 33,476,415

excess of
 exports
 Average for this period
 \$ 3,712,946

New York	100,000,000
Chicago	37,525,000
Pittsburg	5,855,000
Philadelphia	13,295,000
Boston	11,995,000
Buffalo?	3,260,000
Milwaukee	2,050,000
Detroit	2,520,000
Baltimore	2,450,000
Louisville	5,484,000
St Louis	1,060,000
Minneapolis	
	<hr/>
	185,474,000

Clearing House
 Center for
 Estimation for U.S.
 \$190,000,000

(1) Banks

~~Legislation can furnish
but a partial remedy~~

~~Duties of bankers such
notes with management~~

~~Profits, Profits~~

~~Over expansion extension,
of credits~~

Banks
of position
& threats

~~promoted
under
schemes~~

~~readjusting of reserves~~

~~Banks have become to
great extent speculative~~

~~value in furnishing capital
machines in for develop~~

~~Speculative ventures
inflation~~

~~Great development
and its dangers~~

~~Banks must cooperate~~

~~Central Banking House
possible~~

76
② Banks

Bankers should be slow to
wishes that the ~~control~~ ^{a monopoly of} notes
issues should be given to 6700
notes or 20,000 banks ^{and for profit}
in competition ^{the}

experience of world
tendency in every
country is toward
separation

Banking ~~is~~ ^{is} ~~entirely~~ ^{entirely} different
from early days

Banking ^{banks} ~~is~~ ^{is} ~~divided~~ ^{divided} into
divide

Issue Money function of Govt

The ~~loaning~~ ^{loaning} of money ~~function~~ ^{function}
of banks. No relation with note issue
enormous ^{relates} growth of banking
institutions that do not issue notes

People forget -
modern banking

OPINIONS

of various public journals, officials and private parties regarding the measure for incorporating clearing houses under a federal law, with comments thereon.

The Banking Law Journal, New York, says editorially, "We think Mr. Theodore Gilman's book upon "A Graded Banking System" affords a solution of the problem."

The North Western Banker, Des Moines, Iowa, says, "The plan as proposed by Mr. Gilman is the best yet brought forward for the prevention of panics."

The Banker's Magazine, New York, says, "When Congress shall take up the currency question with a disposition to deal seriously with the subject, the proposals of Mr. Gilman will be found worthy of careful consideration."

The New York Tribune says editorially, "Of all plans for adjustment of the bank circulation to the needs of business, the one which seems to furnish a better basis for wise and safe action than any other yet offered is that urged by Theodore Gilman of this city and approved by Charles Parsons, of Saint Louis, formerly President of the American Bankers Association."

A. M. Peahody, of Saint Paul, Minn. says, "At reserve centers the banks could form themselves into a cohesive condition, capable of resisting panic, mitigating trade depressions and supporting the confidence of depositors. The incorporation of the clearing house would give the association of banks a legal status."

Henry D. Lloyd, author of "A Country without Strikes," &c. &c. writes to Theodore Gilman as follows;- "You have, I think, in your plan made the most important contribution to practical finance that has been proposed by any financial writer of modern times."

The Review, a financial journal published in Sidney, Australia, says, "For the provision of an elastic currency in the United States, we have seen no more suitable scheme than might easily be made out of that suggested by Mr. Gilman. We shall watch its course with interest, and have pleasure in saying that in our opinion the world is indebted to Mr. Gilman in no small measure."

R. S. Padan, in the Journal of Political Economy, Chicago, writes, "There is need of a measure, authorized by law, that will be effective throughout the union, in relieving the strain of credit contraction forced on the banks under our present system. Mr. Gil-

man's book is a strong presentation of the merits of his plan and in view of the great importance of an elastic currency in our monetary operations, it behooves those opposed to this, or who have rival methods to propose, to show the weakness of his cause."

The New York Evening Post, in an editorial on "Federal Clearing Houses" says, "If the object of the (Gilman) bill could be carried out, and the banks of the country be grouped into national clearing house associations of sufficient size, there is no doubt that notes issued upon the combined responsibility of these associations would be perfectly secure."

Professor Joseph French Johnson, now of the University of the City of New York, in a review of "A Graded Banking System," says;—"As a protection against panics due to a dearth of media of exchange, his [Mr. Gilman's] system would undoubtedly prove effective."

In a subsequent letter to Mr. Gilman he wrote;—"It may interest you to know that Secretary Gage asked me not long ago if I had read your book. He said I really ought to read it, for it contained about the best scheme for an asset currency which he had seen. It should give you some satisfaction" continues Professor Johnson, "to know that you have made so distinguished a convert."

Subsequently, at the December, 1900, meeting of Group VIII of the New York State Bankers Association, Lyman J. Gage, then Secretary of the Treasury, discussed a combination of banks without monopoly. He said it may be possible to secure the advantages of centralized authority and power while avoiding this apprehended danger. He continued, "Our political system is representative. It begins in small units. The townships, associated by representation, constitute the county, the counties in like manner the States, and from the States that indissoluble federation, the general government. With no power not specially extended to it, or clearly implied, the Federal authority nevertheless stands for the general defence and the general welfare. Some thing like this is vaguely defined in my thought as possible in our banking system. No consolidation of interests, no absolute sovereignty, no powerful head, with authority to create and control, but association with reference to a common defence against common dangers; the individual bank an independent unit; the district clearing house a center of association, where the surplus

strength of the strong could be made available to support with entire safety and with proper reward, the exposed position of the momentarily weak. The distract clearing house, associated in a similar way, might be made to constitute the national clearing house, and thus in lines almost parallel to our political institutions, we might secure in the field of banking what we enjoy in our national life, namely, individual freedom with an associated strength, which in the nation has been found equal to all emergencies.

"The operation of your own (New York) clearing house in times of peculiar stress and peril, typifies what may be realized along the broader lines to which I refer. By the aid of the strong in support of the imperilled, you have saved from disaster those that were not unworthy, and aided in times of crises exposed interests in the fields of trade and industry. Without specific warrant of law, your action in these respects has everywhere been approved as judicious and wise. Is it not possible under the sanction of law to perfect and extend for the general good of the country a similar plan and one which has been so well demonstrated."

The Bankers Magazine, in commenting editorially on this extract from the speech of Secretary Gage, says, "Mr. Gage did not wish his hearers to understand that this idea was original with him. Mr. Walker of Massachusetts and Mr. Gilman of New York, and doubtless others, have suggested something on the same line. Mr. Gilman's plan was fully explained in the Magazine for April 1899, pp. 515, 594. To utilize the clearing houses in generally supervising the issue of currency by the banks, or for other purposes, it would probably be necessary to incorporate them under Federal authority. There is of course under our present system considerable cooperation among banks, either as individuals or as members of organizations; but still greater benefits in this direction could be secured by closer affiliation. If the banks are ever permitted to issue their own notes, (which they do not do now except nominally) it will be essential that the notes put out by an obscure country bank shall be practically as good as those of a bank in any of the financial centers. This can perhaps best be assured by some plan such as Mr. Gage outlined. Any feasible proposition looking to a union of banks for the purpose of further strengthening them, without destroying their independence, or creating a monopoly, is

certainly worthy of careful consideration. Local cooperation seems to be less objectionable, in principle, than a general safety fund contributed by all banks for guaranteeing either notes or deposits."

PER CONTRA.

The Bankers Magazine makes the following report;- "At the meeting of Group IX of the New York State Bankers Association, on April 18, 1896, Mr. Sherer, the Manager of the New York Clearing ^WHouse expressed emphatic disapproval of the bill now before Congress to incorporate clearing houses and to authorize them to issue currency based on collateral owned ^e by theseveral members."

Comments. Mr. Sherer may be taken as a representative of the opinions current among a certain class of large banks. Their opposition to the incorporation of clearing houses may rest on the assertion that the present system is good enough, that the banks take care of panics as well as could be expected, that high rates for money are a good thing and therefore that no one should ask for a change. Those who do not agree with these views say that the opposition of the large banks to a scheme which seeks the public good, is mercenary and selfish, that it reveals the fact that the large banks are unwilling to cooperate in an effort to give monetary relief to the public and the conclusion is that they do not want to give up the advantage they now enjoy of easing themselves by squeezing the public and accept in its place a method of easing themselves by application to a clearing house; that they prefer the power of forcing liquidations to the duty of preserving monetary stability by using the machinery of a clearing house. In short, their opposition is because in effect they prefer panic and losses to the public accompanied by high rates of interest, rather than monetary stability and comfort to the public obtained by services they could render. Experience shows that it is idle to look to our metropolitan banks for any suggestions for the benefit of the country at large. They are only seeking to strengthen their predominant position. In proof of this, I would say that Mr. Gage when Secretary of the Treasury, said to me that he had told the officers of the National City Bank of New York, that they ought to get in touch with me and endeavor to promote my suggestions, which in his opinion were the best before the public. They

never have made the slightest move in that direction, which I take to mean that they take no interest in measures for the public good if not connected with their private profit.

IN REBUTTAL.

Since large banks are able to take care of themselves and are indifferent to proposals for the public good, it is to small banks we must look for approval and advocacy of measures which are designed for the benefit of the community at large. They form that community. In our system of government, all stand on an equality before the law;— all individuals, whether rich or poor; all corporations, whether small or great. The small banks are ten times more numerous than the large and statistics indicate that they possess more banking capital in the aggregate. Consequently the small banks possess a majority in amount of capital and an overwhelming majority in numbers. It therefore becomes of paramount interest to know how any plan is received by small banks, for it is evident that no banking measure can be adopted which does not meet their approval.

I will give the opinions of only three small banks out of perhaps four thousand and. The first is of the First National Bank of Grand Island, Nebraska, capital \$100,000. "If the clearing houses of the larger cities in the United States had the right to issue an emergency currency, to be loaned only to members of the clearing house associations on approved collateral, I think it safe to assume that such issues would only be made when necessity rendered such issues desirable or in other words that they would only be used to ward off or mitigate such financial stringency as threatened to beget panic conditions.. I am thoroughly in favor of concentrating all efforts in regard to currency reform on an attempt to secure legislation that will permit the issue of emergency currency by clearing houses.

Yours truly,

C. F. Bently, Cashier.

The second is from the Bank of Albany, Missouri, capital \$30,000. "My reasons for thing ^{kin} favorably of your measure are various. First, I like the plan of clearing house

issues over the country, as they come nearer the people and the smaller banks. Besides the banks can more readily avail themselves of the benefits of the emergency issue. Second, I think that the security proposed would be ample to protect the notes and would make them as certain of payment as the present mode of issuing national bank currency. Third, I especially commend the measure because it leaves every bank no matter how small maintaining its separate existence, while some of the other plans do not.

Hoping that you may from these scattered remarks gather something of my views, and pledging you whatever support I may have, I am, Very respectfully,

J. B. Thomas, Vice Prest. Am. Bankers Asscn. for Mo.

The third is from the Merchants National Bank of Toledo, Ohio. "I beg to state that I have no objection whatever to the use of my name as one who unqualifiedly is in favor of such a measure as you propose. The country is alive to the necessity of an emergency currency and I believe that the present committee on Banking and Currency, will recommend some measure during the session. I hope it will be your bill.

Very Respectfully,

Theodore C. Stevens, Vice Prest. Am. Bankers Asscn. for Ohio.

CONCLUSION.

In the above summary are given the opinions of journalists, expert economists, bankers and men prominent in public life. It would be a work of supererogation to give the opinions of men of business who are the chief sufferers from the present system. Hon. S. Hooper, member of the House of Representatives and a Merchant of Boston, said a generation ago, in his book on "Currency and Money" "the customers of the bank sustain the loss while the banks have had the profit."

In an interview with the late President McKinley, he said to me that whoever would devise a scheme to prevent "the pull by the banks" illustrating his words by a gesture would confer a great benefit on the country. That is the test of any system. It may be put in the form of a question thus, "What means would the banks employ in whatever system is under consideration, to meet a general demand upon them for cash either to move a crop or to satisfy alarmed depositors?" The present national bank act in the

95th section requires the banks under such circumstances to stop discounting and demand payment of outstanding loans. This method has produced innumerable panics. Shall we persist in that course, or shall we establish and incorporate national clearing houses to which all banks can resort and obtain the cash needed for business or other purposes without disturbing discounts or loans and without distressing borrowers?

*Provision
embodied in measure
to be incorporated
into the
of opening
and a special
copy. 11/12/02*

Opinions
regarding the measure
for the incorporation
of clearing houses
under a federal law.

Apr 14, 1903.

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Scheme 1
Panic

What happened
Great danger
narrow escape

A

What was done
to prevent or relieve
by whom

B

Some remedy must
be found ^X ^{See below}
must be no repetition

C

If conditions of last
year are repeated
same methods ^{conco}

D

not employed ^{explain}

+++ Absolute necessity of legislation ^{why} ^F
Repetition ^{not} ^{reliable}

What can be done
nearly ~~general~~ ^{belief} ^{something}
process of elimination ^{can be done} ^F

at times

The conditions which require an additional volume of money are,
[^]
first, the annually recurring demand for currency to move the crops. This demand occurs from October to January in each year, and can be measured with approximate accuracy.

Second, an issue to prevent collapse and serious disaster in times of financial crises, when confidence is destroyed and banks and the people are hoarding currency.

Any measure of relief should, if possible, cover both classes of demands. Notes to be issued should be either national bank notes or United States notes, having, in either case, the same character and tenor, and the same provisions for prompt ^{redemption} ~~retirement~~, as out-
^{national}
standing notes. The notes to be issued by or to ~~the~~ banks upon the deposit of adequate security, and to be taxed to such an extent, say six per cent, that their prompt retirement will take place whenever the demand for their use has ceased.

Congress should fix a maximum limit of issue, but the time when issued and the amount to be issued in particular cases should be determined by some central authority, perhaps the Comptroller of the

Currency with the approval of the Secretary of the Treasury. This action of the Treasury officials might be taken upon the request of officers representing clearing-house associations of one or more cities.

The general class of securities, say State, municipal, or first class railroad bonds, should be named in the act. The character and adequacy of particular securities to be deposited in each case should, if this plan is feasible, be decided by the clearing-house association of the city or district in which the bank making the deposit is located, subject to final approval by the Secretary of the Treasury. It might be well to have the clearing-house association guarantee the deposits. In this case the securities would, of course, be kept in the custody of the association, the title remaining in the government.

If bank notes are to be used, the limit of issue to any bank ~~should probably~~ ^{might possibly} be fixed at the amount of capital and unimpaired surplus, instead of capital alone, as now.

To insure prompt retirement it might, perhaps, be well to have

a progressive tax, say at one rate for a period of not exceeding six months, and a higher rate for longer periods. Existing limitations upon the amount of bank notes which can be retired in any month should not apply to the notes provided for in the act, and perhaps all limitations should be removed.

in this case
If bank notes are used, banks should be allowed to deposit notes of any national bank, as well as lawful money, in the Treasury to effect their retirement.

THE FUNCTIONS OF THE
BANK OF SWEDEN.

The business assigned to the Riksbank falls under the following heads:

- (1) Purchase and sale of gold and silver.
- (2) Purchase and sale of bills of exchange, drawn on foreign firms or persons, and with a currency of not exceeding six months, such bills being payable either abroad or in Sweden. Other foreign short term paper of not exceeding six months' currency, may also be acquired and afterwards disposed of.
- (3) (a) Purchase and sale of Swedish bonds, and of such obligations of foreign governments as are quoted on foreign stock exchanges and are readily realisable.
(b) Taking over by arrangements other than those for purchase, of Swedish Government bonds and readily realisable obligations of foreign governments.
(c) Acting as agents in effecting the purchase and sale of Swedish Government bonds and the bonds of the General Mortgage Bank.
- (4) (a) Discounting accepted inland bills of exchange payable within six months.
(b) Loans against Stock Exchange collateral repayable within six months (fixed term) or on not exceeding three months' notice. In the case of communal authorities and other corporations

of similar status, the note of the borrowing corporation may be accepted as sufficient security without other collateral.

(c) Loans against merchandise in a public warehouse or deposited in charge of an independent trustworthy person who has bound himself to hold them at the disposition of the Riksbank, such loans to be for fixed terms not exceeding six months.

(d) Grant of credit on current account for terms not exceeding twelve months, against collateral consisting of bonds, shares, or a lien on real estate, and also against personal guarantees. The maximum amount of the funds of the bank which may at any time be advanced in this way shall not exceed 15 million kronor (\$4,000,000, 30 per cent of the bank's capital,) not including in this sum the credit to be opened for the National Debt Office, the amount of which is fixed not to exceed 1,500,000 kronor.

(e) On similar security to that named in the preceding paragraph (d) there may be granted loans repayable by instalments at fixed intervals. The aggregate amount of such loans was fixed in the law of 1897 not to exceed one-quarter of the bank's capital. Five years later, a law of 14th May, 1902, set aside the sum of 12,500,000 kronor for such loans as already stated, the capital remaining unchanged and the fund in question being provided from the accumulated surplus.

(5) Deposits for fixed terms or repayable on demand to be received without charge and subject to no interest payment.

Current accounts ("giro" accounts) to be kept free of interest charge, and the bank to make the necessary arrangements in connection

therewith for effecting the business of the clearing house.

Firms, other than banking firms, which have a discount account at the Riksbank, may receive interest on current account balances.

The bank is required to receive the Public Revenue and to make payments on account of the State without charge.

The bank is required to accept at any of its offices deposits of money and to issue sight drafts on the Head Office in Stockholm for the amount thus deposited without deduction or fee.

Arrangements for the receipt of sealed deposits are also to be made at the Head Office, and at branches as may be determined in the regulations made from time to time.

Foreign loans may be raised, and accounts opened with reliable foreign banking and mercantile houses with or without interest.

Beyond the business included under the above heads, and the manufacture of paper and conduct of the necessary printing, the Riksbank is prohibited from carrying on any other class of business whatever. It may not own real estate beyond that needed for its offices, paper manufactory and printing works. To protect the bank from loss, it may buy in real estate on which it has a lien when such property is sold at auction, but it must be sold again on the occurrence of a suitable opportunity, and in any case when the sale can be made without loss.

It will be observed that the Riksbank, in being excluded from paying interest on deposit accounts, leaves an important line of business to other banks. It is also not under the same pressure to

find investments for its funds when the attraction of interest is lacking to draw to it a large deposit fund. As a matter of fact, as already noted, this item has practically disappeared from the balance sheet since 1897. Current accounts with interest on the balance to the credit of the client, though allowed with certain reserves (see above) have, in fact, not been developed. At the end of 1908, the resources of the Riksbank included capital and reserve and outstanding notes amounting to three-fourths of the whole. Of the remainder, nearly one-third was due to the business conducted by the bank for the National Debt Office and to the balance of profits held for account of the State.

B
The History and Methods of the Paris Bourse
by E. Vidal.

--. L I V R E I ° .--

-:-:-:-

GENERALITES.

-:-:-:-

- 1.- L'industrie de la valeur mobilière et la condition générale de la production et de la mise en circulation des biens
- 2.- Qu'entend-t-on par marché financier ?
- 3.- Différence entre les foires, les marchés et la Bourse.
Courtiers et agents de change.
- 4.- La Bourse est une place publique, un marché public. Le commerce est libre en France, mais le droit qui appartient au pouvoir de régler la police de la place publique a engendré le droit de réglementer la Bourse. Sous l'ancien régime, la vente du droit de travailler a ^{partout été la cause} ~~concouru à l'établissement~~ de l'institution des courtiers et agents de change.-
- 5.- L'époque révolutionnaire. La liberté du marché. ^{Les} ~~troubles~~ ^{troubles} et ~~leurs~~ ^{de} causes.
- 6.- Les lois qui régissent actuellement le marché financier français.
- 7.- Considérations sommaires sur la "réorganisation" du marché français, opérée en 1898.
- 8.- Les causes de l'organisation actuelle ont disparu, mais l'organisation subsiste.

1-

Il apparaît à l'auteur de la présente étude qu'il importe de rattacher, tout d'abord, l'étude d'un marché financier à ~~à~~ l'ensemble des éléments dont l'examen ressortit à l'économie politique.

L'émission des valeurs fiduciaires, le commerce dont elles sont l'objet sont-ils des phénomènes spéciaux? Ces phénomènes sont-ils, au contraire, soumis aux conditions générales de la production et de la circulation des biens?

Il est hors de doute que les valeurs fiduciaires, plus généralement appelées en France valeurs mobilières (1)- sont des biens créés par l'industrie de l'homme et circulant en vertu de la condition générale qui engendre et domine tout le commerce. ~~Par~~ ~~le~~ l'industriel extrait la matière première ou la transforme pour la rendre apte à satisfaire les besoins des consommateurs, ~~de même que~~ le commerçant transporte le produit industriel ou, comme marchand, comme commissionnaire, comme courtier, comme prêteur d'argent même, le fait circuler, ~~de même~~ il existe des industriels, des commerçants, des consommateurs de la valeur mobilière.

Les industriels de la valeur mobilière ce sont les financiers qui traitent avec des Etats emprunteurs, ou représentants des Provinces et villes désireuses d'emprunter. Ils fixent les taux d'intérêts, les conditions d'amortissement, l'échéance des coupons,

(1) Article 516 du Code Civil: "Tous les biens sont meubles ou immeubles."

Article 529- " Sont meubles par la détermination de la loi, les obligations et actions qui ont pour objet des sommes exigibles ou des effets mobiliers, les actions ou intérêts dans les compagnies de finance, de commerce ou d'industrie, encore que des immeubles dépendant de ces entreprises appartiennent aux Compagnies. Ces actions ou intérêts sont réputés meubles à l'égard de chaque société seulement, tant que dure la Société. Sont aussi meubles par la détermination de la loi, les rentes perpétuelles ou viagères soit sur l'Etat, soit sur des particuliers.

ils préparent et organisent les émissions; ils agissent de même à l'égard des sociétés par actions qui empruntent. Souvent même, ils créent ces compagnies par actions; ils en établissent les statuts ils leur assure^{nt} les concours administratifs et techniques. Ils ont pour auxiliaires des syndicats de garantie, des banquiers, véritables commerçants en valeurs mobilières, qui achètent et vendent pour leur propre compte. Ce sont aussi des commerçants, ces auxiliaires du commerce que sont les courtiers et commissionnaires en valeurs; qui négocient pour compte d'autrui au sein des marchés publics.

Le capitaliste, et même le spéculateur sont les consommateurs de valeurs mobilières. Ainsi, nous voyons des producteurs, des commerçants, des consommateurs de valeurs mobilières, comme on peut voir des producteurs, des commerçants, des consommateurs de toutes sortes de biens.

2.- On entend par marché financier, dans le sens étendu du mot, l'ensemble des éléments, soit mondiaux, soit régionaux qui concourent à l'émission et à la circulation des valeurs mobilières.

Dans un sens restreint, on entend par marché financier, la place publique, dans une ville où se produisent les négociations dont les valeurs font l'objet, ^{place publique} spécialement affectée à ces négociations. Cette place publique, c'est la Bourse.

Ainsi, la Bourse, ~~une Bourse~~, est une place publique! Il importe de se pénétrer de cette condition. C'est ainsi qu'on se trouve à même de bien comprendre, non seulement son histoire, mais encore, en certains cas, l'ensemble des règles et même des lois qui président à son fonctionnement.

3.- Les Bourses se distinguent des foires et des marchés en ce sens que, en principe, les objets ne sont pas présentés à l'acheteur

au moment du contrat dans les bourses, tandis qu'il en est autrement dans les foires et marchés.(1)

Les Bourses se divisent elles-mêmes en bourses de Commerce proprement dites, où sont négociées les marchandises, blés, farines, alcools, sucre, etc.. et les bourses de valeurs, où sont négociées les valeurs mobilières.

Jusqu'à une certaine époque, au sein des Bourses de Commerce, les courtiers négociaient les marchandises, les monnaies, les lettres de change et les titres qui sont en quelque sorte les ancêtres des valeurs mobilières modernes. On appelait les commissionnaires opérant dans les bourses, les courtiers de change, denrées et marchandises. Ainsi, un édit de Charles IX, de Juin 1572, est appelé : Edit relatif aux courtiers, tant de change et de denrées que de draps, de soie, laines, toiles, cuirs, et autres sortes de marchandises, de vins, blés, et autres grains, de chevaux et de tous autres bestiaux.(2) C'est seulement à partir de 1639 que les fonctions d'Agents de Change et de courtiers paraissent avoir été divisées(3). En effet, un arrêt du conseil du Roi du 2 avril 1639 donne aux courtiers de change le nom d'agents de change.(4)

4.- C'est, nous l'avons dit, cette circonstance que la Bourse est une place publique qui domine la réglementation de la Bourse. Il importe maintenant de développer cette considération.

En France, le commerce est libre. Et cependant le régime

(1) Traller. Droit Commercial 2° Edit. N° 824.-Lyon-Caen et Renault Traité de Droit Commercial T.I.N°20 & 328.

(2) Manuel des Agents de Change, page 7.

(3) Lyon-Caen et Renault, Traité de Droit Commercial, t.IV.N°872

(4) Manuel des Agents de Change, page 15.

des bourses de valeurs est réglementé au point de présenter, sous ce rapport, une exception, une dérogation considérable au droit commun.

L'article 7 de la loi du 17 Mars 1791 dit: "Il sera libre à toute personne de faire tel négoce ou d'exercer telle profession qu'elle trouvera bon; mais elle sera tenue de se conformer aux régle-
ments de police qui ont été ou pourront être faits."

Le 17 septembre 1807, Regnaud de Saint Jean d'Angély déposant le projet de loi de commerce, établissant un Code s'exprimait ainsi:

" Au commencement du Livre 1° et sous le titre des dispositions générales, les rédacteurs avaient posé des règles purement théoriques et superflues. Quelques autres ont été jugées susceptibles d'occuper une place différente. Ainsi nous n'avons pas pensé qu'il fut nécessaire de dire qu'en France toute personne à droit de faire le commerce.....(1) "

Aussi, personne ne conteste que le principe de la liberté du Commerce soit resté de nos jours un droit de l'homme, (sauf dans l'école politico-économique qui fait absorber le droit individuel par le droit social) ^{de la liberté du commerce} Le principe est de droit positif et, en quelque sorte, affirmé par nos lois constitutionnelles. On peut lire, en effet, dans les Travaux préparatoires des lois constitutionnelles de 1875 cette phrase caractéristique du discours de M. Lepère: "Nous avons édicté une série de dispositions constitutionnelles, sans nous attacher à faire des promulgations de principes, pas plus qu'à formuler des déclarations philisophiques."

(1) Exposé des motifs du Code de Commerce. Corps Législatif. 1° Septembre 1807. Archives Parlementaires 1807.

Nos principes sont connus. Ce sont les principes de 1789 que tous les gouvernements qui se sont succédé ont reconnu "(1)

Cependant, nonobstant le principe de la liberté du Commerce, le marché financier français n'est pas libre. La profession d'agent de change est, comme on le verra, monopolisée. Point ne s'agit d'un monopole exercé par l'Etat, comme le monopole de la vente du tabac, celui des poudres, celui des allumettes, ou celui des postes; il s'agit d'un monopole exercé par ^{certains hommes} ~~des~~ bené-
ficiaires à leur profit personnel. Il s'agit d'un monopole privé confié à des particuliers

Quelle est la genèse de ce phénomène ? Pourquoi cette exception ?

Nous l'avons vu expliquée d'une façon tout à fait lumineuse dans la plaidoirie d'un éminent avocat, M. le Batonnier du Buit, au cours d'un retentissant procès financier (2)

" La bourse, disait-il est le marché public où l'on achète des effets et des valeurs, exactement comme les foires sont des marchés publics, où l'on achète des grains et des bestiaux et toutes sortes de marchandises. Ces marchés publics, ces Bourses, se forment toujours spontanément, peu à peu, par les besoins, par l'habitude, par le concours des populations, par le même procédé.

C'est un centre auquel on se rend, ^o et, peu à peu, comme on

(1) Séance du 17 Février 1875. Annales de l'Assemblée Nationale T. XXXVI p. 619.

Le principe de la liberté du Commerce, mis en œuvre en 1791, appartient au principe de la liberté du Travail proclamé en 1789. (Ducrocq, Droit-administratif, tome III, page 374.)

(2) Affaire: Ministère public et Chambre syndicale des agents de change contre MM. de Buzolet et Perrière. Tribunal de la Seine 22 Février 1907. Compte rendu de la cote de la Bourse et de la Banque du 24 Février 1907.

sait qu'on y trouvera des acheteurs, chacun apporte ce qu'il a à vendre. Il s'y établit spontanément, aussi des usages, des règlements, On sait comme on achète, comme on vend; et il se forme ce que les lois commerciales appellent l'usage de la place.

"Voilà le marché créé, il se développe, et nécessairement, comme dans tout ce qui est humain, apparaissent peu à peu des abus. Ces abus deviennent criants, il se fait de l'agiotage. Il se produit aussi des querelles, des rixes, du désordre, et le pouvoir central se préoccupe.

"L'autorité intervient, et elle prend en main ce marché. Il y a des abus dit-elle, je vais les corriger; il y a des intermédiaires interlopes, je vais les remplacer par des intermédiaires que je nommerai. Je vais faire des règlements, on les observera sur le marché, et c'est ainsi que j'établirai comme règlement que lorsqu'on voudra aller sur le marché pour vendre des valeurs, au lieu de se livrer à ces intermédiaires interlopes qui causent le discrédit des affaires, on s'adressera à des intermédiaires que je nommerai. C'est par eux qu'on sera obligé de négocier."

Ainsi parla M^e Du Buit et l'on ne saurait nier que c'est du pouvoir de police que procède la réglementation de la bourse en tant que place publique. Mais le pouvoir a trouvé quelque avantage à exercer cette réglementation. Sous l'ancien régime, le pouvoir se considérait comme le maître des gens, comme le propriétaire de leur droit de travailler. Aussi le vendait-il. Il advenait souvent qu'il conférait monopole et privilège à certaines gens qui achetaient leurs avantages. Le trafic des charges, des emplois, des offices, qui fut la plaie de l'ancien régime s'exerça aussi sur la profession de courtier et sur celle d'agent de

change. Le monopole des agents de change a, en réalité, ^{été} ache-
té au pouvoir, sous l'ancien régime.

5.- Survint la Révolution.

La loi du 17 Mars 1791 qui supprima les offices, les mai-
trises et les jurandes, abolit le monopole des agents de change
qui avait été établi par une série d'arrêts successifs de la
royauté, de 1724 à 1788, arrêts par lesquels les privilèges avaient
été, tour à tour, conférés, modifiés, retirés, rendus, confirmés.

Mais les troubles intérieurs et extérieurs de l'époque ré-
volutionnaire en France, la politique financière qui se tradui-
sit dans le domaine du crédit privé par la suppression des So-
ciétés par actions (1) et dans le domaine du crédit public, par
l'émission des assignats, les emprunts forcés, la banqueroute
eurent une terrible répercussion sur les marchés financiers.

Lorsque la Bourse fut une première fois fermée (du 27 Juin
1793 au 25 Avril 1795), lorsque ces Sociétés par actions furent
supprimées, les rentes disparurent du marché, ⁽²⁾ Ce ne furent ^{pas} (et
pour cause,) ni sur les rentes ni sur les actions des compagnies
que se porta la spéculation. On spécula sur les valeurs métalli-
ques et sur les lettres de change par suite de deux causes :
LA BAISSSE DES ASSIGNATS ET LA RARETE DU NUMERAIRE. [Il n'en pou-
vait être autrement. Le phénomène était inévitable; Il se pro-
duisit. Expliquons-le

[Si l'on met dans un coffre 1.000 Fros. en louis or, et si
l'on fait représenter ces 50 pièces de 20 francs par 1.000 feuil-
les de papier, ces 1.000 feuilles de papier vaudront théorique-
ment et cependant assez exactement 1 franc chacune. Si, au lieu
de mille feuilles, on en émet 2.000 la valeur devra descendre

(1) Décret du 24 Août 1793.

(2) parce que leurs arriérés étaient payés en papier qui allait
toujours s'avilissant.

normalement à 0,50 c. Si l'on en émet 4.000 la valeur devra descendre à 0,25 et ainsi de suite. Il peut advenir que l'émetteur (surtout si c'est l'Etat) s'indigne de ce fait, qu'il attribue ^{de sa propre ignorance} les causes de la baisse à l'agiotage. Mais, quoi qu'il fasse, le papier aura toujours tendance à valoir exactement ce qu'il représente. Si le pouvoir menace ceux qu'il accuse de la baisse, des pires châtiments, du carcan, du pilori, de la mort même, il aura beau faire, le papier ^{fiduciaire aura tendance à ne valoir que ce qu'il représente} ~~obéira à sa loi propre~~. Peut-être ~~même~~ le papier descendra-t-il au-dessous de la valeur rationnelle, en raison des tentatives de l'émetteur pour le faire valoir davantage; mais ceux qui auront fait baisser le papier, en réalité, ce ne seront pas les négociants, ni même ceux entre les mains de qui le papier se trouve, ^{l'auteur du phénomène aura été} ~~mais~~ l'émetteur lui-même.

~~Quant à~~ la rareté du numéraire, ~~elle~~ est le corollaire de la baisse du papier. Quand le papier baisse, ceux qui ont de l'or ne l'échange^{nt} pas volontiers contre du papier qui s'avilit, entre leurs mains. Donc ils demandent pour un peu d'or, beaucoup de papier. ^{Le papier baisse, l'or monte} ~~Le phénomène est inévitable.~~

Enfin, quand un pays est en révolution, la production intérieure des objets d'alimentation et des objets usuels diminue à cause même des troubles. Il faut donc demander ce qui manque à l'étranger, mais comment le payer? En or, en monnaie de chez lui, étranger, c'est-à-dire en lettres de change sur le pays étranger. D'où nouvelle cause de hausse de l'or, et cause de hausse des lettres de change qui représentent de l'or. Cette cause de hausse sera plus grande encore, si le pays est en guerre avec un ou plusieurs états Etrangers.

Telle est en quelque sorte la physiologie du double mouvement économique: la baisse du papier, la hausse du métal. Les spéculations de l'époque révolutionnaire ne firent pas la baisse du papier ni la hausse du métal; elles traduisirent le double phénomène.

On ne peut à cette occasion, faire l'histoire entière de la Révolution Française, raconter à nouveau les troubles intérieurs les émeutes, les famines, les guerres de la République à sa naissance. Mais ce que l'on sait partout, c'est qu'à la suite d'une première émission d'assignats, pour 400 millions de livres, en vertu du décret du 19 décembre 1790, d'autres émissions suivirent et portèrent successivement à 45 milliards le chiffre des assignats émis. Et le premier phénomène se produisit : LA BAISSSE DU PAPIER.

La hausse du numéraire s'en suivit, aggravée par l'état de guerre entre la France et presque toute l'Europe coalisée. Des famines se produisirent et la Convention autorisa les directoires des départements à fixer les maximum des prix. ^{alors} Les marchands cessèrent de vendre, les fabricants de fabriquer, le maximum n'ayant tenu aucun compte de leur prix de revient.

L'agiotage prit alors des proportions fabuleuses. Pour se procurer des subsistances, on vendait les objets usuels. Le détenteur de matières d'or et d'argent ou de lettres de change dictait les prix (1)

(1) Rambaud. Histoire de la Civilisation Contemporaine en France page 291.- Voir également dans le magistrat de M. Emile Levasseur l'Histoire des classes ouvrières depuis 1789 à 1870 (t.I.Ch. Les Assignats), les constatations des répercussions causées par la baisse des assignats. En 1795 un boisseau de pommes de terre valait 200 livres en assignats, une livre de beurre 560 livres, un habit neuf 15.000 livres et un chapeau "propre" 500 livres (Pages 224)

La Convention s'effraya de la hausse du numéraire correspondant à la baisse des assignats, hausse qu'aggravait encore la situation à l'intérieur et la guerre avec l'Etranger. Elle imputa la hausse du métal à l'agiotage, qui se donnait, d'ailleurs carrière. Aussi, deux lois furent-elles promulguées: celle du 18 fructidor an III (30 Avril 1795), portant défense de vendre ailleurs qu'à la Bourse de l'or et de l'argent, celle du 28 Vendémiaire an IV (20 Octobre 1795) sur la police de la Bourse

La loi du 18 Fructidor an III disposait comme suit dans l'article premier.

" Article Premier.- Il est défendu à tout individu, à Paris, "et dans toutes les places de commerce où il y a une bourse, de "vendre de l'or et de l'argent, soit monnayés, soit en barres, "en lingots, ou ouvrés, ou de faire des marchés qui auraient ces "matières pour objet, sur les places et dans les lieux publics " autres que la Bourse. Tout contrevenant sera condamné à deux "années de détention, à l'exposition en public, avec un écriteau "sur la poitrine, portant ce mot : AGIOTEUR; et tous ses biens "seront par ce même jugement confisqués au profit de la République".

Quant à la loi du 28 Vendémiaire an IV, sur la police de la bourse, elle contenait les dispositions suivantes :

" Article 6.- Les Comités de Salut Public et des Finances "feront, dans vingt-quatre heures, le choix de vingt-cinq agents "de change: vingt d'entre eux seront destinés aux opérations de "et négociations en Banque ou papier sur l'étranger dans Paris; "les cinq autres, à l'achat et vente des espèces monnayées et des "matières d'or et d'argent; les uns et les autres sous le titre " d'agents de change ".

"Article 7.- Ils seront pourvus d'une commission qui leur sera délivrée de suite par les Comités du Salut Public et des Finances, pour exercer exclusivement les fonctions qui leur seront attribuées."

Ainsi la loi du 28 Vendémiaire an IV avait rétabli les agents de change supprimés en 1791, en tant que Commerçants investis d'un monopole. Elle les rétablit pour la négociation des matières métalliques et pour la négociation des lettres de change ^{sur l'étranger} seulement.

Pour les matières métalliques, l'article 13 du chapitre 1^o disait:

" Aucune déclaration sur quelque vente ou achat d'espèces métalliques ne sera reçu en justice que celle des cinq agents choisis et aucune négociation ne sera reconnue valable que celle qui aura eu lieu par leur ministère."

Pour la négociation des lettres de change, l'article 8 du Chapitre II disait:

" Aucune déclaration sur quelque négociation de lettres de change, billets à ordre ou autres effets de commerce ne sera reçue en justice que celle des vingt agents de change choisis, et aucune négociation ne sera reconnue valable que celle qui aura eu lieu par leur ministère. "

Il est donc de toute évidence que le législateur de Vendémiaire an IV n'a pas été guidé par le respect du principe de la liberté de commerce; mais il n'existait, à ce moment, d'autre principe que celui du Salut Public. La vie, la liberté, les biens du citoyen ne comptaient guère. Au moment de la promulgation de la loi du 28 Vendémiaire an IV, la quantité d'assignats en circulation représentait 17.879.337,898 livres et il en avait

été émis, depuis trois mois, pour 5.541.194.037 (1) . L'assignat de 1 livre était tombé dans ces trois mois de Ofr.30 à 0;136 (2) Un emprunt forcé, sans intérêt, avait été décrété sur les riches, les égoïstes et les indifférents (3). De terribles famines ~~avaient~~ désolé le pays et ~~est~~ provoqué de sanglantes insurrections (12 Germinal an III 1° Prairial an III, 13 Vendémiaire an IV). L'Angleterre avait entrepris de combattre la France par tous les moyens; elle ne s'était pas bornée, tant s'en faut, à organiser l'expédition de Quiberon. Le marquis de Puysaye avait convaincu Pitt de l'utilité d'inonder le pays ^{français} ~~ennemi~~ de faux assignats que les meilleurs graveurs de la Hollande devaient fabriquer, au point que "Cambon lui-même les eut acceptés" (4) . Une première émission ^{de ces faux assignats} avait eu lieu, et il avait été jeté de Berne pour 3 milliards ^{de} ~~de~~ ~~lires~~ ~~français~~ (5). C'est donc sur ces entrefaites que, le 13 Fructidor an III une loi que nous avons exposée interdit de vendre en d'autres lieux qu'à la Bourse de l'or et de l'argent, et que, presque aussitôt après, le 28 Vendémiaire an IV, une autre loi sur la police de la Bourse ne reconnut valables pour les matières d'or et d'argent et pour les lettres de change sur l'étranger que les négociations qui auraient été faites par agent de change (6)

[*Reprendre pour notre démonstration*]

Ainsi, en France, le commerce est libre.

Il en est autrement en matière de courtage de valeurs mobilières, sous l'ancien droit, sous l'ancien régime monarchique

(1) J.M.Fachan. Historique de la rente Française et des valeurs du Trésor page 107.

(2) Ibid. page 108

(3) Ibid. P.P. III et 115

(4) Michelet. Histoire du XIX° S. Directoire au chap. de Quiberon.

(5) Ibid.

(6) Voir au surplus CH. Gomel. Histoire financière de la Législative et de la Convention Tome II Chapitre II.

*Mais nous
Ce traduis
ne pas traduire
le mot livre
par livre
sterling. La
livre française
avait à
peu près la
valeur du
fauc*

C'est que le Pouvoir se considère en droit de régenter la place publique où se tient la Bourse *et de veure le Droit de Travailler*
Cet état de choses cessa avec la Révolution

Pendant l'époque révolutionnaire, la spéculation se porta sur les matières métalliques et les lettres de change.

La Convention rétablit alors le monopole des agents de change qui avait été supprimé en imputant à la spéculation la responsabilité des événements. *Le monopole s'applique sur les matières métalliques et les lettres de change seulement.*

6.-

Les lois qui ont, en quelque sorte, fondé à nouveau le droit en matière de négociation de Bourse, sont la loi du 28 Ventôse an IX, l'arrêté du 27 Prairial an X, et le Code de Commerce, en 1807; les deux premières dispositions sous le Consulat, la troisième, sous l'Empire. ~~La loi du 27 Ventôse an IX~~

Elles régissent, aujourd'hui encore, les matières qui font l'objet de la présente étude.

La loi du 28 Ventôse an IX et le Code de Commerce de 1807 ont conféré aux agents de change un monopole de négociations des effets publics et autres susceptibles d'être cotés.

Par la loi du 28 Avril 1816, les agents de change ainsi que les notaires, avocats à la Cour de cassation avoués, greffiers, huissiers, courtiers, commissaires priseurs acquièrent le droit de présenter leur successeur moyennant un supplément de cautionnement d'environ 40 millions pour l'ensemble de ces offices ministériels. En ce qui concerne les agents de change leur cautionnement, qui était alors de 100.000 Frs. fut porté à 125.000 Frs. L'intérêt de tous les cautionnements était réduit de 5 à 4 %

Les agents de change devinrent, par ce fait, propriétaires de leurs offices. Le droit de présenter un successeur au Gouvernement est vendu par le titulaire qui se retire des affaires. C'est ainsi ^{qu'un agent de change} ~~qu'un~~ qu'un agent de change vend sa charge.

La loi de 1816, a toujours été sévèrement jugée. L'Etat ne

peut plus rendre la liberté ^{au commerce des valeurs mobilières} qu'en rachetant les charges ou en ^{de ces charges} indemnisant les titulaires. Or, plus le temps va, plus les valeurs mobilières se multiplient, ^{et} par conséquent plus les charges des agents de change augmentent de prix. ^{D'ailleurs} ~~et~~ plus les budgets ~~des~~ Etats vont se compliquant et s'aggravant, moins il est aisé, ^{par conséquent} pour l'Etat Français de placer le marché financier sous un régime en harmonie avec le principe de la liberté du commerce. [Ainsi donc la Bourse, en France, repose légalement sur l'édifice de ces vieilles lois de l'an IX et de 1807]

7.- Plusieurs tentatives ont été faites en vue de modifier le régime légal de la Bourse; mais elles ont échoué. ^{pour des causes diverses} La dernière remonte en 1897. Deux sénateurs MM. ^{Traillié} ~~Traillié~~ et Boulanger ayant déposé une proposition de loi, le Gouvernement, lors de la discussion de la loi des finances de 1898, à propos d'une question relative au mode de ^{perception} ~~prescription~~ de l'impôt sur les opérations de Bourse déclara que, ~~par décret~~, en se basant sur la légalisation existante, il modifierait ^{par plusieurs décrets} le régime du marché financier.

En effet, par trois décrets du 29 Juin 1898, le Ministre éleva à 70 le nombre des agents de change de Paris qui était de 60 à cette époque; il fixa un nouveau tarif des courtages et modifia quelques articles du décret du 7 Octobre 1890, relatifs au nombre de membres de la Chambre Syndicale, et aux délais du règlement. La modification la plus saillante a été la nouvelle disposition de l'article 55 du décret du 7 Octobre 1890 qui a institué ce qu'on a appelé la solidarité des Agents de Change.

On a donné à l'ensemble de ces mesures le nom de Réorganisation du Marché Financier, appellation inexacte puisqu'il n'a pas été apporté, par ces décrets, aucun élément modificatif des bases sur lesquelles reposait l'organisation de la Bourse, puis-

que c'est l'organisation de l'an IX qui subsiste. Mais l'emploi de ces termes a eu pour but de couper court à toute tentative en vue d'une organisation nouvelle et de suggérer cette ^{dan l'opinion publique} considération qu'il est imprudent de demander de nouvelles réformes alors qu'une réorganisation a été récemment effectuée.

8.- Il importe enfin de signaler un phénomène des plus curieux se rattachant à l'ancienneté des dispositions qui régissent la Bourse.

Aucune des raisons qui présidèrent à l'établissement du monopole des agents de change ne subsiste aujourd'hui. Sans doute d'autres motifs se sont faits jour pour en justifier le maintien, mais ce n'en est pas moins un singulier phénomène que celui que présente une institution survivant à toutes les considérations qui ont présidé à son établissement.

En effet, en l'an IX, en l'an X, en 1807, une considération fondamentale animait le législateur: la défaveur attachée à la spéculation. L'opération à terme était considérée, ~~elle~~, si non comme interdite, du moins comme rendue impossible.

C'est ainsi que l'agent de change devait avoir reçu les titres du vendeur au moment de la négociation et l'argent de l'acheteur(Art. L3 de l'arrêté du 27 Prairial an X) Ensuite comme les spéculations se portaient sur les lettres de change et les effets publics, et que l'on considérait qu'il était nécessaire à la bonne condition économique qu'il y eut des intermédiaires officiels pour la négociation des lettres de change, des matières métalliques et des effets publics, l'art. 76 du Code de Commerce porta que les agents de change pourraient seuls faire les négociations pour compte d'autrui, des lettres de change, le courtage des matières métalliques et les négociations

L I V R E I I

-:-:-

La Bourse - les négociateurs - les opérations.

Pre mière Division. Bourses. Courtiers - Agents de Change -
Coulissiers - Les valeurs mobilières.

- 1° - Bourses de commerce. Bourses des valeurs.
- 2° - Les courtiers à la Bourse de Commerce. Les Agents de change sont les négociateurs à la Bourse des valeurs.
- 3° - Attributions des agents de change.
- 4° - Les coulissiers.
- 5° - Les courtiers de change.
- 6 - Quels sont les titres négociés en bourse ? Emprunts publics. Titres d'entreprises privées. Titres libérés et non libérés.
- 7 - Titres nominatifs, mixtes, au porteur. Mécanisme.

Conversion des titres du porteur au nominatif et vice versa.

Deuxième Division. Les Opérations au comptant.

- 8 - Opérations au comptant.
- 9 - Ordres à cours fixe, au mieux, au cours moyen, au Parquet.
- 10 - Comment on passe les ordres au comptant au marché en Banque.
- 11 - Quantités négociables au comptant. Durée des ordres.
- 12 - La cote. Cote officielle. Cote en banque.
- 13 - Du règlement des opérations au comptant. Titres irréguliers, faux, perdus, volés.
- 14 - De la jouissance des titres négociés.
- 15 - Les titres doivent être en règle vis à vis de...
- 16 - Les frais. Du droit de courtage, chez les agents (au parquet) chez les banquiers (en coulisse)

To make penalty apply
1 to every article made undervalued } A Judge Budget decision

2 Pro forma invoices } B attorney General's decision

3 change penalty for
undervaluation not fraudulent }

* ~~check~~ improve methods of
appraisement (1) and
reappraisement (2) }

(1) appraisement
4 assigned goods }

11 Appeal, to

Secy. report

packages

12 Charges
to the

decision Supreme Court

13 abolition of fees

Extent & character
of under-valuation
& remedy in methods
of appraisement and
reappraisement

- (2) Reappraisal
5 Change system
Entirely

h

- 6 allowing govt remedy
against value of goods
in case fraudulent
undervaluation

7 Some system of rewards (?)

8 ^{Change} Burden of proof

9 Damage allowance

10 Drawbacks

Suggestions as
Change of penalty for undervaluation
, where there is no allegation
of fraud.

Change in methods of appraisement

2. Consigned goods

Enlarging Consular functions?

Change in methods of reappraisement

3. - ment, Inorganization of board

of General Appraisers

Employment of merchant appraisers

How secure uniformity of rates at

4. Allowing got remedy against
value of goods

5. Some system of rewards

6. Change of burden of proof

Section 16 act of 1874

2 reasons.

A. Undervaluations

B. Damage allowances.

C. Drawbacks.

D Appeals

Seays report

~~F. Abolition of fees Seays report~~

United States Senate,

WASHINGTON, D. C.,

, 188 .

It has the right

to determine the character of notes and bills of exchange which are eligible for discount at the Federal Reserve banks, subject only to a provision that it shall not include notes or bills drawn for the purpose of carrying or trading in stocks, etc..

and the further provision that bills secured by ~~mineral~~ staple agricultural or other products shall not be excluded.

61
European
Central banks
Open

Context of
Central Bank in Europe

Exclusion of bankers

all these banks do a private

business

should not be
at the same time

in competition

two levels of Cur + Joint Stock banks

Merchants + Bankers

great financial
members firm director

in joint stock banks

diff conditions -

Substantial parts -

provision for redemption

The first step

Pay an

Over

Skatfath

**COMMITTEE ON FINANCE,
U. S. SENATE.**

W. H. R. Co.

H. P. Lippitt ~~x~~

R. G. Hazard ^{S. P.} ~~x~~

Coats ~~x~~

Robert Knight ~~x~~

G. W. Norman ^{S. P.}

Eben S. Draper ^a

Frank A. Sayle ^{P.}

That to enable the Secretary of the
Treasury to provide for and maintain the redemption
of United States notes authorized and required by
the act approved January 14, 1875, entitled 'an act
to provide for the resumption of specie payments',
he shall keep and maintain in the Treasury of the
United States as a minimum reserve, the sum of
one hundred million dollars, provided for by
the Twelfth section of the act approved July
12, 1882, entitled 'an act to enable national

banking associations to extend their corporate
existence, and for other purposes", and in ad-
dition thereto, shall maintain as a working
balance in the Treasury, not exceeding thirty-
five million dollars in lawful money of the
United States of full legal-tender quality, not
specifically pledged for other purposes; and it
shall be his duty to apply any surplus or
balance in the Treasury in excess of the amount
so reserved, in sume not less than ten million

...dollar per month during the existence of
any such surplus or excess to the payment
of appropriations duly made for the public
service, and in the payment of the interest-
bearing indebtedness of the U. S. payable at
the option of the government.

Issue

Creditor vs Debtor

Point in Jones Speech

Prosperity ~~contrasted~~ with pictures of depression

Not the amount of money per capita that makes
prosperity & as good as \$50.

It is the duty of the Govt to see the amount
does not decrease actually or relatively
as compared to increase in pop or business

Appreciate Money means low and lowering
rate of int

Contrast this with view that appreciation has
been caused by creditor interest.

Creditors vs Debtors

There is no such thing in the country as
two distinct & separate classes

Community are not divided into
two hostile camps

Who are the creditors & who the Debtors
What is demanded of the money of the Contracts
~~& this is all over~~

Demontization in 1873.

Insignificant effect of our action

It was action of other European States

Bill

question to be considered as it affects
1st the Silver Question

2 the money question.

Decline in prices measured
Disturbance ~~in~~ ^{made by} ~~the~~ ^{changes}
the ~~money~~ ^{standard} for deferred payments

of trade, the arrangements made in all the domestic relations of life, pecuniary transactions of the highest and the lowest amounts, the command of money over the necessities of life, are all affected by the questions submitted by me for your consideration."

The questions which were involved in the consideration of the Bank Act of 1844 were very simple compared with the problems which we are called upon to consider today. The question then was practically one of note-issues. Monetary reform always moves slowly. More than a generation passed from the time of the celebrated bullion report of 1810 to the adoption of the Act of 1844. Questions with reference to whether it was possible to issue currency unrestricted in amount, with an unlimited number of banks, and have it maintained at parity, or whether there would be a probability or a certainty of depreciation, were the questions which then divided public sentiment in Great Britain.

You are all familiar with those great discussions, commencing in 1819, and following as well as preceding the Act of 1844. But they were all questions affecting note-issues. None of the really great functions of the