NELSON ALDRICH

Monetary Commission

MISCELLANY

Exceedingly Important Declarations

(If true—and they are true) in re

A Sound, Honest, Economical Currency.

United States Legal Tender Notes, authorized by Act of March 3, 1863, have been in use in an unduly restricted volume for a large portion of the last *two score* and more years. Of these notes there are now outstanding more than Three Hundred Million ($300,000,000) Dollars. If these outstanding Legal Tender Notes were made freely interchangeable, at the option of holders, in sums of One Thousand ($1,000) Dollars and multiples thereof, with bonds of the Government bearing an equitable rate of interest, a PERFECT solution of the Currency question would soon result.

Very earnest students of National Finance declare, with emphasis, that United States Legal Tender Notes uttered in sufficient volume and made freely interchangeable with interest bearing bonds of the Government, at holders' option, will give to the people a *sound*, *honest*, *economical* Currency, excellent beyond compare—a Currency which will promote equity and foster prosperity in marvelous degree.

QUESTION.

Is it possible to name a valid objection to the immediate enactment of such exceedingly simple laws for the regulation of the Nation's Currency—"The Life Blood of Commerce"—as may be necessary to promptly carry into effect the spirit of the foregoing, briefly outlined, declarations?

Exceedingly Important Declarations

(*If true—and they are true*) *in re*

A Sound, Honest, Economical Currency.

United States Legal Tender Notes, authorized by Act of March 3, 1863, have been in use in an unduly restricted volume for a large portion of the last *two score* and more years. Of these notes there are now outstanding more than Three Hundred Million ($300,000,000) Dollars. If these outstanding Legal Tender Notes were made freely interchangeable, at the option of holders, in sums of One Thousand ($1,000) Dollars and multiples thereof, with bonds of the Government bearing an equitable rate of interest, a PERFECT solution of the Currency question would soon result.

Very earnest students of National Finance declare, with emphasis, that United States Legal Tender Notes uttered in sufficient volume and made freely interchangeable with interest bearing bonds of the Government, at holders' option, will give to the people a *sound*, *honest*, *economical* Currency, excellent beyond compare—a Currency which will promote equity and foster prosperity in marvelous degree.

QUESTION.

Is it possible to name a valid objection to the immediate enactment of such exceedingly simple laws for the regulation of the Nation's Currency—"The Life Blood of Commerce"—as may be necessary to promptly carry into effect the spirit of the foregoing, briefly outlined, declarations?

Exceedingly Important Declarations

(*If true—and they are true*) *in re*

A Sound, Honest, Economical Currency.

United States Legal Tender Notes, authorized by Act of March 3, 1863, have been in use in an unduly restricted volume for a large portion of the last *two score* and more years. Of these notes there are now outstanding more than Three Hundred Million ($300,000,000) Dollars. If these outstanding Legal Tender Notes were made freely interchangeable, at the option of holders, in sums of One Thousand ($1,000) Dollars and multiples thereof, with bonds of the Government bearing an equitable rate of interest, a PERFECT solution of the Currency question would soon result.

Very earnest students of National Finance declare, with emphasis, that United States Legal Tender Notes uttered in sufficient volume and made freely interchangeable with interest bearing bonds of the Government, at holders' option, will give to the people a *sound*, *honest*, *economical* Currency, excellent beyond compare—a Currency which will promote equity and foster prosperity in marvelous degree.

QUESTION.

Is it possible to name a valid objection to the immediate enactment of such exceedingly simple laws for the regulation of the Nation's Currency—"The Life Blood of Commerce"—as may be necessary to promptly carry into effect the spirit of the foregoing, briefly outlined, declarations?

Exceedingly Important Declarations

(*If true—and they are true*) *in re*

A Sound, Honest, Economical Currency.

United States Legal Tender Notes, authorized by Act of March 3, 1863, have been in use in an unduly restricted volume for a large portion of the last *two score* and more years. Of these notes there are now outstanding more than Three Hundred Million ($300,000,000) Dollars. If these outstanding Legal Tender Notes were made freely interchangeable, at the option of holders, in sums of One Thousand ($1,000) Dollars and multiples thereof, with bonds of the Government bearing an equitable rate of interest, a PERFECT solution of the Currency question would soon result.

Very earnest students of National Finance declare, with emphasis, that United States Legal Tender Notes uttered in sufficient volume and made freely interchangeable with interest bearing bonds of the Government, at holders' option, will give to the people a *sound*, *honest*, *economical* Currency, excellent beyond compare—a Currency which will promote equity and foster prosperity in marvelous degree.

QUESTION.

Is it possible to name a valid objection to the immediate enactment of such exceedingly simple laws for the regulation of the Nation's Currency—"The Life Blood of Commerce"—as may be necessary to promptly carry into effect the spirit of the foregoing, briefly outlined, declarations?

Exceedingly Important Declarations

(*If true—and they are true*) *in re*

A Sound, Honest, Economical Currency.

United States Legal Tender Notes, authorized by Act of March 3, 1863, have been in use in an unduly restricted volume for a large portion of the last *two score* and more years. Of these notes there are now outstanding more than Three Hundred Million ($300,000,000) Dollars. If these outstanding Legal Tender Notes were made freely interchangeable, at the option of holders, in sums of One Thousand ($1,000) Dollars and multiples thereof, with bonds of the Government bearing an equitable rate of interest, a PERFECT solution of the Currency question would soon result.

Very earnest students of National Finance declare, with emphasis, that United States Legal Tender Notes uttered in sufficient volume and made freely interchangeable with interest bearing bonds of the Government, at holders' option, will give to the people a *sound*, *honest*, *economical* Currency, excellent beyond compare—a Currency which will promote equity and foster prosperity in marvelous degree.

QUESTION.

Is it possible to name a valid objection to the immediate enactment of such exceedingly simple laws for the regulation of the Nation's Currency—"The Life Blood of Commerce"—as may be necessary to promptly carry into effect the spirit of the foregoing, briefly outlined, declarations?

Exceedingly Important Declarations

(*If true—and they are true*) *in re*

A Sound, Honest, Economical Currency.

United States Legal Tender Notes, authorized by Act of March 3, 1863, have been in use in an unduly restricted volume for a large portion of the last *two score* and more years. Of these notes there are now outstanding more than Three Hundred Million ($300,000,000) Dollars. If these outstanding Legal Tender Notes were made freely interchangeable, at the option of holders, in sums of One Thousand ($1,000) Dollars and multiples thereof, with bonds of the Government bearing an equitable rate of interest, a PERFECT solution of the Currency question would soon result.

Very earnest students of National Finance declare, with emphasis, that United States Legal Tender Notes uttered in sufficient volume and made freely interchangeable with interest bearing bonds of the Government, at holders' option, will give to the people a *sound*, *honest*, *economical* Currency, excellent beyond compare—a Currency which will promote equity and foster prosperity in marvelous degree.

QUESTION.

Is it possible to name a valid objection to the immediate enactment of such exceedingly simple laws for the regulation of the Nation's Currency—"The Life Blood of Commerce"—as may be necessary to promptly carry into effect the spirit of the foregoing, briefly outlined, declarations?

Exceedingly Important Declarations

(*If true—and they are true*) *in re*

A Sound, Honest, Economical Currency.

United States Legal Tender Notes, authorized by Act of March 3, 1863, have been in use in an unduly restricted volume for a large portion of the last *two score* and more years. Of these notes there are now outstanding more than Three Hundred Million ($300,000,000) Dollars. If these outstanding Legal Tender Notes were made freely interchangeable, at the option of holders, in sums of One Thousand ($1,000) Dollars and multiples thereof, with bonds of the Government bearing an equitable rate of interest, a PERFECT solution of the Currency question would soon result.

Very earnest students of National Finance declare, with emphasis, that United States Legal Tender Notes uttered in sufficient volume and made freely interchangeable with interest bearing bonds of the Government, at holders' option, will give to the people a *sound*, *honest*, *economical* Currency, excellent beyond compare—a Currency which will promote equity and foster prosperity in marvelous degree.

QUESTION.

Is it possible to name a valid objection to the immediate enactment of such exceedingly simple laws for the regulation of the Nation's Currency—"The Life Blood of Commerce"—as may be necessary to promptly carry into effect the spirit of the foregoing, briefly outlined, declarations?

Exceedingly Important Declarations

(If true—and they are true) in re

A Sound, Honest, Economical Currency.

United States Legal Tender Notes, authorized by Act of March 3, 1863, have been in use in an unduly restricted volume for a large portion of the last *two score* and more years. Of these notes there are now outstanding more than Three Hundred Million ($300,000,000) Dollars. If these outstanding Legal Tender Notes were made freely interchangeable, at the option of holders, in sums of One Thousand ($1,000) Dollars and multiples thereof, with bonds of the Government bearing an equitable rate of interest, a PERFECT solution of the Currency question would soon result.

Very earnest students of National Finance declare, with emphasis, that United States Legal Tender Notes uttered in sufficient volume and made freely interchangeable with interest bearing bonds of the Government, at holders' option, will give to the people a *sound, honest, economical* Currency, excellent beyond compare—a Currency which will promote equity and foster prosperity in marvelous degree.

QUESTION.

Is it possible to name a valid objection to the immediate enactment of such exceedingly simple laws for the regulation of the Nation's Currency—"The Life Blood of Commerce"—as may be necessary to promptly carry into effect the spirit of the foregoing, briefly outlined, declarations?

Exceedingly Important Declarations

(*If true—and they are true*) *in re*

A Sound, Honest, Economical Currency.

United States Legal Tender Notes, authorized by Act of March 3, 1863, have been in use in an unduly restricted volume for a large portion of the last *two score* and more years. Of these notes there are now outstanding more than Three Hundred Million ($300,000,000) Dollars. If these outstanding Legal Tender Notes were made freely interchangeable, at the option of holders, in sums of One Thousand ($1,000) Dollars and multiples thereof, with bonds of the Government bearing an equitable rate of interest, a PERFECT solution of the Currency question would soon result.

Very earnest students of National Finance declare, with emphasis, that United States Legal Tender Notes uttered in sufficient volume and made freely interchangeable with interest bearing bonds of the Government, at holders' option, will give to the people a *sound*, *honest*, *economical* Currency, excellent beyond compare—a Currency which will promote equity and foster prosperity in marvelous degree.

QUESTION.

Is it possible to name a valid objection to the immediate enactment of such exceedingly simple laws for the regulation of the Nation's Currency—"The Life Blood of Commerce"—as may be necessary to promptly carry into effect the spirit of the foregoing, briefly outlined, declarations?

Non Partisan Banking and Currency Legislation

Extract from speech delivered by President Taft at Marion, Ind., July 3, 1911

"I have said that upon the three issues I can appeal to all political parties. With respect to arbitration, certainly that has not become a party question. All are in favor of peace, and all are in favor of these instrumentalities by which peace may be honorably secured. In respect to reciprocity with Canada, I am sure that it can be reconciled to the most orthodox Republican tariff views, and I am equally convinced that no Democrat ought to oppose it because, according to his view, the reduction of duties must be a step in the right direction. So with respect to the proposed new system of banking and currency. There is nothing in it that in its nature is partisan. The Commission from which it comes is composed almost equally of Democrats and Republicans. It involves nothing of the partisan discussions over the coinage of monetary standards which have vexed both political parties. I earnestly hope that we may all approach the subject with no prejudices against the solution proposed, and with our minds alert to the necessity for reform, and keen to see the advantages which the new system offers. I do not mean by what I say here to indicate that I am not in favor of a party government, for I am a party man, and I believe that the solidarity of parties is necessary in order to secure a conservative and stable administration by the Government. In no other way can the public opinion of a majority of 15,000,000 of voters be interpreted into law and enforced, and it must be conceded that most measures and most issues acquire a party flavor and become party tenets on one side and the other, and must be fought out on party lines; but sometimes, as here, the subject is so new, it has so little in it that directly attracts the popular attention or vote, and it involves so many complex considerations, that perhaps we can keep partisanship out. I hope we may, for if we do, I am quite certain that we shall much more promptly reach a satisfactory conclusion."

Ours is the Worst Banking System

John V. Farwell, president of the National Citizens' League for the Promotion of a Sound Banking System outlined the plans of the League before a meeting of visiting merchants in Chicago, Aug. 16. In his speech he said:

"The panics of 1893 and 1907 showed every thoughtful business man that something was wrong with our monetary system. We all agree, I think, in saying that we have many of the best banks and bankers in the world. We must be equally ready to admit that we have the worst banking system in any civilized country.

"The National Citizens' League will work for legislation by Congress, which will meet the defects of our present lack of system and create confidence in our banking stability, not only throughout this country but the whole commercial world.

"The League has settled on three principles:

"First, the integrity of individual banks, both national and state, should be preserved.

"Second, these units should be federated in such a manner as to make it possible to carry into effect measures that involve credit transactions of national scope, and to present a solid front when the stability of legitimate business in any section of the country is in danger.

"Third, this should be accomplished through an organization which is also absolutely protected against ambitious financial control by any class or section, and placed beyond the reach of political influence.

"This practically means that we do not believe in a central bank, doing a general banking business like the Bank of England, but that we do believe in what has been called a National Reserve Association, controlled and managed so as to represent the democratic spirit and the sound common sense of this nation.

"A good banking system, such as I believe this to be, must help to bring about general prosperity, it must help all sections and all classes."

THE NATIONAL CITIZENS' LEAGUE

FOR THE PROMOTION OF A SOUND BANKING SYSTEM

223 West Jackson Boulevard · · CHICAGO, ILL.

OFFICERS

President
JOHN V. FARWELL
John V. Farwell Co.

Vice-President
JOHN BARTON PAYNE
South Park Commission

Chairman of Executive Committee
J. LAURENCE LAUGHLIN
The University of Chicago

Treasurer
A. C. BARTLETT
Hibbard, Spencer, Bartlett & Co.

Secretary of Organization
MURRAY S. WILDMAN
Northwestern University

DIRECTORS

B. E. SUNNY
Chicago Telephone Co.

CYRUS H. McCORMICK
International Harvester Co.

HARRY A. WHEELER
Chicago Association of Commerce.

JOHN G. SHEDD
Marshall Field & Co.

F. A. DELANO
The Wabash Railroad Co.

F. W. UPHAM
City Fuel Co.

MARVIN HUGHITT
Chicago & Northwestern Ry. Co.

JULIUS ROSENWALD
Sears, Roebuck & Co.

A. A. SPRAGUE
Sprague, Warner & Co.

CLYDE M. CARR
Joseph T. Ryerson & Son

F. H. ARMSTRONG
Reid, Murdoch & Co.

GRAHAM TAYLOR
Chicago Commons.

C. H. WACKER
United Charities.

JOSEPH BACH
Siegel, Cooper & Co.

You may become a member of the League upon payment of one dollar. Proceeds of this membership fee will be devoted exclusively toward defraying the expenses of the campaign. All remittances should be made to

The Treasurer,
National Citizens' League,
223 West Jackson Blvd.,
Chicago, Ill.

Read
J. Beach

BASIS

OF

SOUND BANKING

The enclosed is a copy of a letter written on October 24th, 1907, to the NEW YORK EVENING POST by Mr. Charles A. Conant, a well-known writer on financial matters. Our experience during the month following the date of this letter *corroborates every statement made therein*, and we believe that it is conservative to estimate, that during the month of November at least one hundred millions of purchased commercial paper was paid off with very few renewals and an infinitesimal proportion of failures; whereas stocks and *the finest railroad bonds* were practically unsalable during that period, and then only at great sacrifice. . . . . . .

E. NAUMBURG & CO.

33 WALL STREET

NEW YORK

Boston Chicago Philadelphia St. Louis

BASIS OF SOUND BANKING

To the Editor of the Evening Post:

Sir: Present conditions in the financial world throw light on the declaration of a well-known English authority, that "nothing was easier to conduct than the business of a banker, if he would only learn the difference between a mortgage and a bill of exchange." The phrase "bill of exchange," as here used, refers more particularly to domestic bills, and is equivalent to our term *commercial paper.*

It is the failure to distinguish between a mortgage and a bill of exchange which is causing many of our present difficulties. The piling up of loans upon pyramids of inflated stocks and bonds is due in large degree to the great development of industrial securities in recent years. Such securities do not represent circulating capital, but fixed capital. They are simply obligations, or shares, in a mill, a railway, or mine, which represent a permanent investment. They are either mortgages or something which ranks below mortgages. Securities circulate, but the property they represent is fixed. They are not, therefore, in any proper economic sense circulating capital, and are not the best basis for the investment of deposits payable on demand.

THE TRUE BASIS OF SOUND BANKING IS COMMERCIAL PAPER, because such paper represents circulating capital. In other words, it is the product of purchases of raw materials, which are converted within a short time into finished products, whose sale for consumption affords the means to pay off the paper and thereby closes the transaction. When money is borrowed on securities, no transaction of this character takes place, and there is no natural and normal date for closing the transaction. Managers of banks and trust companies seek to give the character of circulating capital to securities by advancing money on them subject to repayment at call. This system works admirably in periods of prosperity, but it causes convulsion in times of adversity. The owner of a part of a mill, railroad, or mine, cannot convert the property into circulating capital. In his efforts to get rid of his share of it, when he finds that all the banks are curtailing their loans, he is compelled to make great sacrifices or shoulder the losses upon the banks by failing to make good his margins. Undoubtedly, in most cases the banks are foresighted enough to protect themselves by throwing the burden upon the borrower, with the result of continuous crashes in the stock market until stocks fall far below their normal value.

Nothing of this kind occurs in dealing with commercial paper. There is, of course, some field for speculation in commercial operations, but it is limited. *The losses on commercial paper are calculable, like insurance losses, and are a fraction of 1 per cent. per annum.* When the merchant finds demand diminishing, he diminishes his purchases of raw materials and his creation of finished products, thus automatically reducing his demand upon the banks. He is not tied up with a fixed volume of paper running continuously, as are the owners of stocks and bonds. The result is that he MEETS HIS OBLIGATIONS AS THEY MATURE, and if the bank cannot continue his accommodation, he curtails his output. *Never does commercial paper fluctuate from par down to forty or fifty, like even good securities*, save in the exceptional case of the insolvency of the maker, and even then there are usually endorsements to which to have recourse.

Loans on securities are legitimate within certain limits, but within the last decade or two they have come to constitute altogether too large a percentage of the loans made from depositors' money. On the part of the New York national banks alone loans on collateral increased from $162,361,654 on October 6, 1896, to $442,210,765 on September 4, 1906, while commercial loans increased only from $151,795,029 to $259,840,272. Where stocks and bonds are not the very best and most convertible stock exchange securities, loans upon them are only disguised participations in permanent enterprises. Such participations, in one form or another, nearly wrecked the German banks in 1901 and have proved a source of disaster on many other occasions. It is to be hoped that after the present situation has cleared up, our bankers will return to the sound principle of the English writer quoted at the beginning, that THEY SHOULD DEAL IN COMMERCIAL PAPER REPRESENTING CIRCULATING CAPITAL instead of dealing in the representatives of fixed capital, and try to shoulder the loss on borrowers by looking farther ahead than they.

CHARLES A. CONANT.

New York, October 24.

CHAPTER 25.

An Act respecting the Currency.

SHORT TITLE.

1. This Act may be cited as the Currency Act. Short title.

STANDARD OF VALUE.

2. The currency of Canada shall be such, that the British sovereign of the weight and fineness now prescribed by the laws of the United Kingdom, shall be equal to and shall pass current for four dollars eighty-six cents and two-thirds of a cent of the currency of Canada, and the half sovereign of proportionate weight and like fineness, for one-half the said sum. R.S., c. 30, s. 2. Standard of value of currency.

DENOMINATIONS.

3. The denominations of money in the currency of Canada, shall be dollars, cents and mills,—the cent being one hundredth part of a dollar, and the mill one tenth part of a cent. R.S., c. 30, s. 1. Denominations in currency.

PUBLIC ACCOUNTS, DEBTS AND OBLIGATIONS.

4. All public accounts throughout Canada shall be kept in the currency of Canada; and in any statement as to money or money value, in any indictment or legal proceeding, the same shall be stated in such currency. Public accounts, etc.

2. In all private accounts and agreements rendered or entered into, on or subsequent to the first day of July, one thousand eight hundred and seventy-one, all sums mentioned shall be understood to be in the currency of Canada, unless some other is clearly expressed, or must, from the circumstances of the case, have been intended by the parties. R.S., c. 30, s. 2. Private accounts, etc., from July 1st, 1871.

5. All sums mentioned in dollars and cents in *The British North America Act, 1867,* and in all Acts of the Parliament of Canada shall, unless it is otherwise expressed, be understood to be sums in the currency of Canada as by this Act established. R.S., c. 30, s. 12. Sums mentioned in certain Acts to be in currency.

Payments in Nova Scotia from July 1st, 1871, to be in Canada currency.

6. All sums of money payable on and after the first day of July, one thousand eight hundred and seventy-one, to Her late Majesty Queen Victoria, or to any person, under any Act or law in force in Nova Scotia, passed before the said day, or under any bill, note, contract, agreement or other document or instrument, made before the said day in and with reference to that province, or made after the said day out of Nova Scotia and with reference thereto, and which were intended to be, and but for such alteration would have been payable in the currency of Nova Scotia, as fixed by law previous to the fourteenth day of April, one thousand eight hundred and seventy-one, shall hereafter be represented and payable, respectively, by equivalent sums in the currency of Canada, that is to say, for every seventy-five cents of Nova Scotia currency, by seventy-three cents of Canada currency, and so in proportion for any greater or less sum; and if in any such sum there is a fraction of a cent in the equivalent in Canada currency, the nearest whole cent shall be taken. R.S., c. 30, s. 10.

As to debts in B. C. and P. E. I. contracted before July 1st, 1881.

7. Any debt or obligation contracted before the first day of July, in the year one thousand eight hundred and eighty-one, in the currency then lawfully used in the province of British Columbia, or in the province of Prince Edward Island, shall, if payable thereafter, be payable by an equivalent sum in the currency of Canada as hereby established. R.S., c. 30, s. 11.

DOMINION AND BANK NOTES.

No bank notes, etc., to be issued in other currency.

8. No Dominion note or bank note payable in any other currency than the currency of Canada, shall be issued or reissued by the Government of Canada, or by any bank, and all such notes issued before the first day of July, one thousand eight hundred and seventy-one, shall be redeemed, or notes payable in the currency of Canada shall be substituted or exchanged for them. R.S., c. 30, s. 3.

COINS, LEGAL TENDER, ETC.

Gold coins may be struck for Canada.

9. Any gold coins struck for circulation in Canada by authority of the Crown, of the standard of fineness prescribed by law for the gold coins of the United Kingdom, and bearing the same proportion in weight to that of the British sovereign, which five dollars bear to four dollars eighty-six cents and two-thirds of a cent, shall pass current and be a legal tender in Canada for five dollars; and any multiples or division of such coin, struck by the same authority for like purposes, shall pass current and be a legal tender in Canada at rates proportionate to their intrinsic value respectively; and any such coins shall pass by such names as are assigned to them by Royal Proclamation declaring them a legal tender, and shall be subject to the like allowance for remedy as British coin. R.S., c. 30, s. 4.

10. The silver, copper or bronze coins heretofore struck by authority of the Crown for circulation in the provinces of Ontario, Quebec and New Brunswick under the Acts at the time in force in the said provinces respectively, shall be current and a legal tender throughout Canada, at the rates in the said currency of Canada assigned to them respectively by the said Acts, and under the like conditions and provisions

Silver, copper or bronze coins struck before Confederation.

Legal tender.

2. Such other silver, copper or bronze coins as are by the same authority struck for circulation in Canada, shall pass current and be a legal tender in Canada, at the rates assigned to them respectively by Royal proclamation, such silver coins being of the fineness now fixed by the laws of the United Kingdom, and of weights bearing respectively the same proportion to the value to be assigned to them which the weights of the silver coins of the United Kingdom bear to their nominal value.

Likewise those struck for circulation in Canada.

3. All such silver coins aforesaid, shall be a legal tender to the amount of ten dollars, and such copper or bronze coins to the amount of twenty-five cents, in any one payment.

To what amount.

4. The holder of the notes of any person to the amount of more than ten dollars, shall not be bound to receive more than that amount in such silver coins in payment of such notes, if presented for payment at one time, although any of such notes is for a less sum. R.S., c. 30, s. 5.

As to holders of notes.

11. No other silver, copper or bronze coins than those which the Crown has heretofore caused to be struck or may hereafter cause to be struck for circulation in Canada, or in some province thereof, shall be a legal tender in Canada. R.S., c. 30, s. 6.

No other coins of silver or copper to be legal tender.

12. His Majesty may, by proclamation, from time to time, fix the rates at which any foreign gold coins of the description, date, weight and fineness mentioned in such proclamation, shall pass current, and be a legal tender in Canada: Provided that until it is otherwise ordered by any such proclamation, the gold eagle of the United States of America, coined after the first day of July, one thousand eight hundred and thirty-four, and before the first day of January, one thousand eight hundred and fifty-two, or after the said last-mentioned day, but while the standard of fineness for gold coins then fixed by the laws of the said United States remains unchanged, and weighing ten pennyweights, eighteen grains, troy weight, shall pass current and be a legal tender in Canada for ten dollars.

As to foreign gold coins.

Proviso as to U. S. eagle.

2. The gold coins of the said United States being multiples and halves of the said eagle, and of like date and proportionate weights, shall pass current and be a legal tender in Canada for proportionate sums. R.S., c. 30, s. 7.

U. S. gold coins.

Proof of date, etc., of coins.

13. The stamp of the year on any foreign coin made current by this Act, or any proclamation issued under it, shall establish *prima facie* the fact of its having been coined in that year; and the stamp of the country on any foreign coin shall establish *prima facie* the fact of its being of the coinage of such country. R.S., c. 30, s. 8.

Defaced coin not a legal tender.

14. No tender of payment in money in any gold, silver or copper coin which has been defaced by stamping thereon any name or word, whether such coin is or is not thereby diminished or lightened, shall be a legal tender. R.S., c. 30, s. 9.

REDEMPTION OF COINS.

Redemption of light coin.

15. The Minister of Finance may, under regulations of the Governor in Council, redeem any silver, copper or bronze coins issued for circulation in Canada which by reason of abrasion through legitimate usage are no longer deemed fit for circulation. 6 E. VII., c. 8, s. 1.

COUNTERFEIT OR DIMINISHED COIN TO BE BROKEN.

By person to whom tendered.

16. If any coin is tendered as current gold or silver coin to any person who suspects the same to be diminished otherwise than by reasonable wearing, or to be counterfeit, such person may cut, break, bend or deface such coin, and if any coin so cut, broken, bent or defaced appears to be diminished otherwise than by reasonable wearing, or to be counterfeit, the person tendering the same shall bear the loss thereof; but if the coin is of due weight, and appears to be lawful coin, the person cutting, breaking, bending or defacing it, shall be bound to receive the coin at the rate for which it was coined.

Who shall bear the loss.

Disputes, how decided.

2. If any dispute arises whether the coin so cut, broken, bent or defaced, is diminished in manner aforesaid, or counterfeit, it shall be heard and finally determined in a summary manner by any justice of the peace, who may examine, upon oath, the parties as well as any other person, for the purpose of deciding such dispute, and if he entertains any doubt in that behalf, he may summon three persons, the decision of a majority of whom shall be final.

Revenue officers to destroy such coin.

3. Every officer employed in the collection of the revenue in Canada shall cut, break or deface, or cause to be cut, broken or defaced, every piece of counterfeit or unlawfully diminished gold or silver coin which is tendered to him in payment of any part of the revenue in Canada.

Definition.

4. For the purposes of this section 'current gold or silver coin' includes any coin which it is by Part IX. of the Criminal Code defined to include. R.S., c. 167, s. 26.

OTTAWA: Printed by SAMUEL EDWARD DAWSON, Law Printer to the King's most Excellent Majesty.

SUPPLEMENT TO THE CANADA GAZETTE, DECEMBER 19, 1908

1908 **NOVEMBER.** 1908

REPORT

OF THE

CHARTERED BANKS OF THE DOMINION OF CANADA

MADE TO THE MINISTER OF FINANCE

IN CONFORMITY WITH

SECTION 112 OF THE BANK ACT, CHAPTER 29, REVISED STATUTES OF CANADA. 1906

OTTAWA
Printed by S. E. Dawson, Printer to the King's Most Excellent Majesty
1908

25

STATEMENT OF BANKS ACTING UNDER CHARTER, for the month ending 30th

NAME OF BANK. — NOM DE LA BANQUE.	Capital Authorized. — Capital autorisé.	CAPITAL STOCK. Capital Subscribed. — Capital souscrit.	CAPITAL STOCK. Capital Paid up. — Capital versé.	Amount of Rest or Reserve Fund. — Montant du fonds de réserve.	Rate per cent of last Dividend Declared. — Taux pour cent du dernier dividende déclaré.	LIABILITIES. Notes in Circulation. — Billets en circulation.	LIABILITIES. Balance due to Dominion Government, after deducting advances for Credits, Pay-Lists, &c. — Balance due au gouvernement fédéral, déduction faite des avances sur crédits ouverts, bordereaux de paie, etc.	LIABILITIES. Balance due to Provincial Governments. — Balance due aux gouvernements provinciaux.	
						1	2	3	
	$	$	$	$	$	$	$	$	
ık of Montreal	14 400 000	14,400,000	14,400,000	12,000,000	10	12,049,521	59,936	3,553,061	1
ık of New Brunswick	1,000,000	735,400	735,400	1,268,410	13	698,460	30,909		2
ıbec Bank	3 000 000	2,500,000	2,500,000	1,250,000	7	1,806,943	16,015	69,000	3
ık of Nova Scotia	3 000 000	3,000,000	3,000,000	5,400,000	12	2,898,975	352,592	12 ,869	4
Stephen's Bank	200,000	200,000	200,000	52,500	5	172,140	10,338		5
ık of British North America	4,866,666	4,866,666	4,866,666	2,336,000	7	3,257,053	16,600	94,324	6
nk of Toronto	10,000,000	4,000,000	4,000,000	4,500,000	10	3,674,244	34,044	107,119	7
ılsons Bank	5,000,000	3,416,100	3,416,100	3,416,100	10	2,880,878	36,566	334,667	8
stern Townships Bank	3,000,000	3,000,000	3,000,000	2,000,000	8	2,447,520	20,167	22,308	9
ıion Bank of Halifax	3,000,000	1,500,000	1,500,000	1,175,000	8	1,424,295	26,797		10
ınque Nationale	2,000,000	1,800,000	1,800,000	900,000	7	1,775,127	22,316	144,512	11
erchants' Bank of Canada	6,000,000	6,000,000	6,000,000	4,000,000	8	4,740,478	211,918	160,791	12
anque Provinciale du Canada	2,000,000	1,000,075	1,000.000	200,000	5	997,368	12,729	214,219	13
nion Bank of Canada	4,000,000	3,207,200	3,200,410	1,800,000	7	3,027,093	25,676	1,076,630	14
anadian Bank of Commerce	15,000,000	10,000,000	10,000,000	6,000,000	8	9,640,845	261,378	4,466,932	15
oyal Bank of Canada	10,000,000	3,900,000	3,900,000	4,390,000	10	3,632,872	157,274	1,518	16
ominion Bank	5,000,000	3,983,700	3,981,070	4,979,177	12	3,820,169	36,446	75,686	17
ank of Hamilton	3,000,000	2,476,200	2,472,860	2,472,860	10	2,384,342	28,698	487,123	18
tandard Bank of Canada	2,000,000	1,562,500	1,560,110	1,760,110	12	1,385,737	16,053	41,494	19
anque de St. Jean	1,000,000	500,200				14,174		43,016	20
anque d'Hochelaga	4,000,000	2,500,000	2,500,000	2,150,000	8	2,058,762	33,565	60,638	21
anque de St. Hyacinthe	1,000,000	504,600	334,145	75,000		35,885			22
ank of Ottawa	5,000,000	3,000,000	3,000,000	3,000,000	10	2,835,320	23,938	107,712	23
mperial Bank of Canada	10,000,000	5,000,000	5,000,000	5,000,000	11	3,860,615	55,422	88,712	24
Vestern Bank of Canada	1,000,000	555,000	555,000	350,000	7	481,545			25
'raders Bank of Canada	5,000,000	4,367,500	4,353,092	2,000,000	7	2,901,990		82,368	26
overeign Bank of Canada	3,000,000	3,000,000	3,000,000			113,280		614	27
Metropolitan Bank	2,000,000	1,000,000	1,000,000	1,000,000	8	983,860		3,483	28
Home Bank of Canada	2,000,000	979,000	916,921	297,705	6	944,895		64,383	29
Northern Crown Bank	6,000,000	2,207,500	2,201,568	50,000	5	2,092,975		618,565	30
Sterling Bank of Canada	1,000,000	875,700	807,458	183,749	5	734,563		27,153	31
United Empire Bank of Canada	5,000,000	635,500	501,612	Nil.	4	172,080		43,328	32
Farmers Bank of Canada	1,000,000	1,000,000	541,881	Nil.	4	343,720		3 ,490	33
Total	143,466,666	97,672,841	96,244,293	74,006,611		80,287,724	1,489,377	12,038,715	

Return of Canadian Bank of Commerce. Amount under heading "Other assets not included under foregoing heads," includes gold bullion.
Return of Bank of British North America. The figures for the Dawson Branch are taken from the last returns received, viz: 14th November, 1908. Asset No.22, includes bullion.
Return of Bank of Nova Scotia. The latest returns from Branches in Jamaica, are dated 23rd November, 1908, and the figures thereof are incorporated herein.

November, 1908, according to Returns furnished by them to the Department of Finance.

PASSIF.

	Deposits by the public, payable on demand in Canada. — Dépôts du public remboursables à demande, en Canada.	Deposits by the public, payable after notice or on a fixed day in Canada. — Dépôts du public remboursables après avis ou à une date fixe en Canada.	Deposits elsewhere than in Canada. — Dépôts reçus ailleurs qu'en Canada.	Loans from other Banks in Canada secured, including bills rediscounted. — Emprunts faits à d'autres banques en Canada, garantis, y compris les billets renouvelés.	Deposits made by and balances due to other Banks in Canada. — Dépôts faits par d'autres banques en Canada et balances dues à ces banques.	Balances due to Agencies of the Bank, or to other Banks or Agencies in United Kingdom. — Balances dues à des agences de la banque ou à d'autres banques ou agences dans le Royaume-Uni.	Balances due to Agencies of the Bank, or to other Banks or Agencies elsewhere than in Canada and the United Kingdom. — Balances dues à des agences de la banque ou à d'autres banques ou agences, ailleurs qu'en Canada et dans le Royaume-Uni.	Liabilities not included under foregoing Heads. — Engagements non compris dans les item qui précèdent.	Total Liabilities. — Total du passif.	Greate amount Notes circulat at any ti during t month — Chiffre le plus él des bille en circulati en aucu temps durant mois.
	4	5	6	7	8	9	10	11		
	$	$	$	$	$	$	$	$	$	$
1	40,582,357	71,122,663	36,080,181	....	3,337,131	....	....	....	166,784,852	12,819.
2	991,929	3,858,478	....	....	130,280	....	....	116,420	5,826,478	723.
3	1,957,185	6,696,869	....	....	146,645	128,047	....	61,169	10,881,874	2,030,
4	16,775,276	6,746,692	6,613,409	....	185,675	....	596,775	1,485	34,183,752	2,971,
5	88,914	257,806	....	....	....	....	10.897	108	540,205	182,
6	8,022,370	15,203,726	2,773,434	....	80,811	13,905	153,382	4,812,221	34,427,826	3,549,
7	8,404,333	18.334,307	....	....	181,699	1,256	44,150	101,698	30,882,853	3,939,7
8	6,176,368	18,045,905	....	....	116,118	37,491	129,632	100,916	27,858,545	3,204,8
9	2,757,955	10,871,124	....	....	....	128,889	....	....	16,247,965	2,766,8
10	1,331,976	6 558,959	1,011,091	....	146,521	183,267	260,975	30,142	10,974,027	1,466,6
11	2,473,909	7,246,190	113,297	....	162,549	....	74,722	....	12,012,624	2,118,69
12	11,977,209	25,880,153	164,642	....	2,933,156	8,412	....	120,865	46,197,627	5,155,49
13	625,299	2,661,958	....	144,340	....	....	....	3,588	4,659,504	1,160,02
14	10,308,321	14,324,317	....	....	83,782	22,190	9,695	....	28,877,707	3,224,583
15	27,185,633	50,848,245	12,275,605	....	165,408	....	1,131,386	201,532	106,176,969	9,663,000
16	8,000,241	18,304,892	9,089,784	....	76,031	652,865	542,572	422	40,458,476	3,742,000
17	10,297,111	26,675,901	....	....	336,214	131,136	35,814	....	41,408,480	4,044,130
18	7,489,234	17,778,335	....	....	19,121	....	40,097	....	28,226,952	2,422,422
19	4,089,849	11,510,538	....	....	4,553	....	....	....	17,048,226	1,432,907
20	25,426	270,107	25,000	....	....	....	....	9,486	387,211	14,239
21	3,864,784	8,988,351	....	....	....	....	71,055	190,222	15,267,379	2,367,562
22	63,435	609,244	....	....	....	....	....	8,511	717,076	43,565
23	5,893,887	18,059,877	....	....	1,503	....	35,425	....	26,957,664	2,973,345
24	11,637,014	21,473,581	....	....	153,449	....	....	....	37,268,795	4,170,340
25	556,955	4,103,054	....	....	....	110,888	....	2,039	5,254,482	518,715
26	6,190,947	17,716,988	....	....	5,300	552,312	200,015	....	27,649,922	3,086,220
27	51,909	732,821	....	7,239,789	45	4,262	....	4,032	8,146,755	124,070
28	1,407,082	3,003,883	....	....	1,908	151,728	....	22	5,551,968	1,140,070
29	1,690,749	3,849,519	....	....	....	....	....	....	6,549,547	999,200
30	3,613,256	4,604,878	....	....	5,712	....	9,084	....	10,944,470	2,159,175
31	1,087,040	2,153,513	....	....	74'895	3,359	....	2,540	4,083,065	776,505
32	415,744	532,829	87,586	....	....	257,691	....	18,744	1,528,004	189,550
33	282,112	894,571	....	..	116	....	....	206	1,557,215	408,480
	206,315,809	419,920,274	68,234,029	7,384,129	8,348,622	2,387,698	3,345,676	5,786,368	815,538,495	85,589,891

The Western Bank of Canada gives bonus of ½ of one p.c. equal in all to a dividend of 8 p.c. per annum.

STATEMENT OF BANKS ACTING UNDER CHARTER, for the month ending

ASSETS—

NAME OF BANK. — NOM DE LA BANQUE.	Specie. — Espèces.	Dominion Notes. — Billets fédéraux.	Deposits with Dominion Government for security of note circulation. — Dépôt fait au gouvernement fédéral en garantie de la circulation des billets.	Notes of and Cheques on other Banks. — Billets d'autres banques et chèques sur d'autres banques.	Loans to other Banks in Canada, secured, including bills rediscounted. — Prêts faits à d'autres banques en Canada, garantis, y compris les billets renouvelés.	Deposits made with and balances due from other Banks in Canada. — Dépôts faits dans d'autres banques en Canada, et balances dues par ces banques.	Balances due from Agencies of the Bank, or from other Banks or Agencies in the United Kingdom. — Balances dues par les agences de la banque, ou par d'autres banques ou agences dans le Royaume-	Balances due from Agencies of the Bank, or from other Banks or Agencies elsewhere than in Canada and the United Kingdom. — Balances dues par des agences de la banque, ou par d'autres banques ou agences, ailleurs qu'en Canada et le Royaume-Uni.	Dominion and Provincial Government Securities. — Obligations ou effets du gouvernement fédéral ou des gouvernements provinciaux.	Canadian Municipal Securities, and British, or Foreign or Colonial Public Securities (other than Canadian). — Effets des municipalités canadiennes, et effets publics britanniques étrangers, ou coloniaux (autres que des effets canadiens.)	
	1	2	3	4	5	6	7	8	9	10	
	$	$	$	$	$	$	$	$	$	$	
of Montreal	5,632,114	8,054,460	600,000	4,800,847	955,977	1,514,909	4,324,376	11,480,301	1,463,074	485,595	1
of New Brunswick	264,899	515,775	35,000	142,323	....	66,503	9,003	390,943	134,064	81,312	2
ec Bank	381,429	464,929	87,360	484,422	61,325	3,235	....	457,445	150,633	152,626	3
of Nova Scotia	2,236,660	2,723,668	150,110	2,141,871	....	631,333	1,421,445	2,171,049	540,610	1,767,928	4
tephen's Bank	9,568	21,827	13,000	17,761	....	26,706	....	28,426	....	....	5
k of British North America	847,030	1,970,791	682,775	951,643	321,813	5,321	151,973	1,548,157	652,810	1,475,692	6
k of Toronto	715,358	3,919,297	160,000	1,251,631	597,246	2,385	87,441	1,567,201	111,467	27,800	7
lson's Bank	566,142	1,908,347	145,000	1,231,436	157,395	288,392	806,628	1,129,389	476,269	766,321	8
stern Townships Bank	414,006	873,367	123,000	613,056	345,457	646,018	5,317	1,941,759	167,073	471,100	9
ion Bank of Halifax	362,198	658,837	75,000	755,899	....	305,314	....	370,718	600,781	295,110	10
nque Nationale	139,705	496,415	90,600	915,703	....	53,979	59,826	968,872	16,500	101,700	11
rchants Bank of Canada	1,569,822	3,013,220	240,000	2,276,482	486,889	4,796	....	12,625	609,071	635,453	12
nque Provinciale du Canada	40,448	39,922	45,519	190,601	....	228,391	18,952	73,555	....	649,000	13
ion Bank of Canada	560,058	5,510,735	150,000	2,146,956	....	172,830	116,386	1.156,308	186,070	336,465	14
nadian Bank of Commerce	4,472,062	8,503,293	450,000	4,344,762	1,061,252	11,850	6,750,669	3,191,278	3,700	471,069	15
yal Bank of Canada	3,165,988	3,324,405	190,000	2,812,579	514,248	41,195	....	791,554	297,708	2,309,189	16
minion Bank	1,149,292	3,539,755	160,000	2,288,755	698,219	525,419	....	2,199,889	335,456	569,431	17
nk of Hamilton	558,714	3,379,771	125,000	1,505,360	254,417	52,181	173,933	724,730	377,513	3,189,756	18
ndard Bank of Canada	211,356	1,156,028	61,000	909,409	372,529	376,797	24,880	202,050	327,247	1,181,220	19
nque de St. Jean	10	18	11,427	631	....	8,986	....	....	....	....	20
nque d'Hochelaga	289,924	1,495,239	102,996	1,525,567	....	193,624	52,635	1,117,361	852,151	655,361	21
nque de St. Hyacinthe	....	....	16,995	....	....	39,668	....	5,133	....	....	22
nk of Ottawa	778,775	3,411,370	150,000	759,879	166,867	2,287,416	389,453	833,272	891,882	1,041,523	23
perial Bank of Canada	1,139,408	5,497,825	190,532	2,044,395	583,846	546,492	631,907	2,405,910	528,465	1,744,083	24
estern Bank of Canada	38,028	34,746	27,005	63,141	....	1,553,268	....	109,211	126,478	389,395	25
raders Bank of Canada	391,426	2,611,545	148,270	813,790	24,532	652,325	10,308	981,872	604,084	384,018	26
vereign Bank of Canada	134	2,168	123,569	18,483	....	148,077	....	35	....	613	27
etropolitan Bank	103,082	639,158	47,200	368,603	....	304,398	....	119,204	45,078	128,759	28
ome Bank of Canada	51,864	493,485	35,000	301,786	....	367,640	16,340	313,840	....	43,778	29
orthern Crown Bank	183,467	1,028,503	76,000	841,337	....	732,153	43,337	328,253	165,000	241,917	30
terling Bank of Canada	30,627	477,839	33,718	319,346	....	10,092	....	125,527	....	....	31
nited Empire Bank of Canada	13,585	20,318	12,000	45,218	....	258,813	271	24,790	....	....	32
armers Bank of Canada	7,269	60,085	15,000	105,915	....	180,846	14,239	17,842	....	....	33
Total	26,324,448	65,847,141	4,572,476	36,989,587	6,602,012	12,241,382	15,109,319	36,788,499	9,663,184	19,596,214	

FINANCE DEPARTMENT,
OTTAWA, 16th December, 1908.

30th November, 1908, according to Returns furnished by them to the Department of Finance.

ACTIF.

	Railway and other bonds, debentures and stocks. — Obligations, debentures et actions de chemins de fer et autres.	Call and short loans on stocks and bonds in Canada. — Prêts remboursables à demande et à courte échéance, sur obligations et actions en Canada.	Call and short loans elsewhere than in Canada. — Prêts remboursables à demande et à courte échéance, ailleurs qu'en Canada.	Current Loans in Canada. — Prêts courants en Canada.	Current Loans elsewhere than in Canada. — Prêts courants ailleurs qu'en Canada.	Loans to the Government of Canada. — Prêts au gouvernement du Canada.	Loans to Provincial Governments. — Prêts aux gouvernements provinciaux.	Overdue Debts. — Créances en souffrance.	Real Estate, other than Bank premises. — Immeubles autres que les édifices de la banque.	Mortgages on Real Estate sold by the Bank. — Hypothèques sur des immeubles vendus par la banque.	Bank Premises. — Edifices de la banque.	Other Assets not included under the foregoing heads. — Autres créances non comprises dans les item précédents.	Total Assets. — Total de l'actif.	Aggregate amount of Loans to Directors, and firms of which they are partners. — Montant collectif des prêts faits à des directeurs et à des raisons sociales dont ils forment partie.	Average amount of specie held during the month. — Chiffre moyen des espèces possédées durant le mois.	
	11	12	13	14	15	16	17	18	19	20	21	22				
	$	$	$	$	$	$	$	$	$	$	$	$	$	$	$	
1	7,388,133	....	55,169,366	76,309,178	7,701,100	4,060,368	290,308	267,039	107,312	70,900	600,000	2,976,708	194,252,104	1,091,000	5,256,198	
2	269,338	529,130	250,000	4,934,783	70,000	....	1,376	6,727	....	....	82,322	153,045	7,936,549	135,755	268,785	
3	779,850	1,461,432	....	9,863,620	....	....	....	35,611	59,351	2,420	341,144	176,987	14,963,823	267,074	343,335	
4	4,135,561	2,007,645	4,008,054	12,754,465	5,139,135	....	....	248,135	....	....	863,931	50,540	42,992,148	252,687	2,267,204	2
5	22,982	10,000	....	599,871	....	....	....	28,033	4,068	....	20,000	2,300	804,544	32,140	9,358	
6	259,594	1,511,047	3,998,320	17,778,085	4,808,377	....	1,490	236,549	6,918	2,314	845,768	4,603,647	42,660,114	70,000	878,350	1
7	2,219,262	1,597,429	....	26,688,230	....	....	....	10,853	....	....	800,000	....	39,755,604	1,002,679	716,066	3,
8	1,486,904	2,899,239	....	22,411,582	....	....	....	84,801	140,749	9,770	500,000	176,583	35,184,953	331,678	566,881	1,
9	332,401	899,511	510,839	13,192,228	....	....	....	66,321	368,108	19,903	509,272	69,654	21,568,398	280,190	387,626	
10	212,710	163.692	....	8,534,502	1,215,732	....	67,940	16,439	8,105	....	164,266	....	13,807,250	501,846	336,079	
11	226,720	865,575	....	10,560,017	....	....	....	42,015	39,246	2,326	318,287	49,333	14,946,226	390,943	139,400	8
12	5,708,770	1,957,782	8,958,351	28,731,268	1,068,353	....	....	86,798	49,368	9,864	1,118,685	61,019	56,598,625	671,701	1,559,2 0	2,7
13	577,806	962,037	....	2,572,412	....	....	....	13,915	16,033	9,865	237,777	282,561	5,958,801	Nil.	37,835	
14	250,000	948,025	300,000	19,578,804	....	....	1,156,529	43,710	162,304	54,473	1,142,526	90,223	34.062.408	508,117	554,402	4,6
15	4,198,621	7,314,181	10,6?2,703	65,990,428	2,704,220	....	....	143,648	36,325	27,102	1,727,444	313,599	122,338,214	1,387,200	4,138,000	8,7
16	4,485,942	2,115,736	1,403,001	21,775,325	4,878,449	....	100,957	86,791	....	....	1,348,829	....	49,641,905	319,501	2,547,721	4,(
17	3,252,432	3,226,897	....	31,825,641	....	....	....	75,276	80,000	42,086	1,054,546	9,938	51,033,038	277,660	1,136,000	3,(
18	785,017	1,775,994	....	19,013,403	10,200	....	....	95,725	21,578	95,236	1,283,173	189,131	33,610,837	133,168	557,002	1,
19	477,166	1,361,947	....	13,522,336	....	....	....	106,160	10,000	....	279,716	22,754	20,605,601	8,725	211,643	1,1
20	....	....	....	1,154	....	....	....	109,117	....	....	17,000	4,800	153,145	22,152	10	
21	18,475	595,761	....	12,702,338	....	....	....	14,002	29,178	20,592	200,093	83,798	19,949,102	372,935	238,383	1,
22	33,000	....	....	58,191	....	....	....	931,030	....	6,160	2,816	29,631	1,122,627	20,149	....	....
23	748,382	537,529	....	20,799,295	....	....	....	68,850	35,010	25,382	600,000	....	33,524,891	292,332	781,312	2,9
24	997,133	3,410,769	....	25,004,579	298,000	....	1,603,533	31,889	26,787	47,848	1,211,575	37,487	47,982,471	311,072	1,133,960	5,4
25	256,117	....	....	3,457,547	1,800	....	....	34,418	27,713	2,229	55,050	48,908	6,225,059	7,455	36,368	
26	570,936	1,695,635	....	23,211,193	....	....	....	158,619	5,928	3,000	1,843,400	147,403	34,258,289	345,822	393,100	2,8
27	2,331,546	225,792	....	2,662,666	....	....	....	4,442,441	237,029	....	375,192	22,689	10,590,439	47,094	126	
28	737,784	680,767	....	4,417,365	....	....	....	55,281	....	....	208,002	....	7,854,687	293,858	103,407	7
29	294,000	2,340,325	....	3,287,943	....	....	....	33,104	....	....	151,134	81,281	7,811,526	50,181	51,154	517
30	663,529	350,157	....	8,285,836	....	....	....	58,759	15,430	....	352,862	44,706	13,411,246	172,200	183,027	1,078
31	280,918	666,294	....	3,028,612	....	....	....	8,945	....	....	84,705	47,643	5,109,271	68,439	29,364	472
32	....	299,150	....	1,244,754	3,650	....	....	56,026	....	....	....	56,564	2,035,143	57,375	11,163	21
33	303,294	317,783	....	902,825	....	....	....	14,176	....	....	152,898	44,438	2,136,610	29,958	8,052	34
	44,304,323	42,730,261	85,220,634	515,695,476	27,899,016	4,060,368	3,222,133	7,711,203	1,486,540	451,470	18,492,413	9,877,370	994,885,648	9,753,086	24,880,511	64,359

T. C. BOVILLE,
Deputy Minister of Finance.

W. Turpin

SAVINGS BANKS AND FRIENDLY SOCIETIES.

POST OFFICE SAVINGS BANKS FUND.

AN ACCOUNT for the Year ended 31st December 1907, showing the INTEREST accrued in respect of the SECURITIES standing in the Names of the COMMISSIONERS for the REDUCTION of the NATIONAL DEBT to the Credit of the POST OFFICE SAVINGS BANKS FUND, the INTEREST Paid and Credited to DEPOSITORS in pursuance of the ACTS relating to POST OFFICE SAVINGS BANKS, and the Expenses incurred in the execution of those Acts; prepared pursuant to Acts 40 Vict. c. 13, s. 17, and 54 & 55 Vict. c. 21, s. 15.

SAVINGS BANKS FUND.

AN ACCOUNT for the Year ended 20th November 1907, showing the INTEREST accrued in respect of the SECURITIES standing in the Names of the COMMISSIONERS for the REDUCTION of the NATIONAL DEBT to the Credit of the FUND for the BANKS for SAVINGS, and the INTEREST Paid and Credited to TRUSTEES of SAVINGS BANKS; prepared pursuant to Acts 40 Vict. c. 13, s. 17, and 54 & 55 Vict. c. 21, s. 15.

FRIENDLY SOCIETIES FUND.

AN ACCOUNT for the Year ended 20th November 1907, showing the INTEREST accrued in respect of the SECURITIES standing in the Names of the COMMISSIONERS for the REDUCTION of the NATIONAL DEBT to the Credit of the FUND for FRIENDLY SOCIETIES, and the INTEREST Paid and Credited to the TRUSTEES of FRIENDLY SOCIETIES; prepared pursuant to Acts 40 Vict. c. 13, s. 17, and 54 & 55 Vict. c. 21, s. 15.

Treasury Chambers,
15 June 1908.

C. HOBHOUSE.

(Presented pursuant to Acts 40 *Vict. c.* 13, *s.* 17, *and* 54 *&* 55 *Vict. c.* 21, *s.* 15.)

Ordered, by The House of Commons, *to be Printed,*
15 *June* 1908.

LONDON:
PRINTED FOR HIS MAJESTY'S STATIONERY OFFICE,
BY EYRE AND SPOTTISWOODE, LTD.,
PRINTERS TO THE KING'S MOST EXCELLENT MAJESTY.

And to be purchased, either directly or through any Bookseller, from
WYMAN AND SONS, LTD., FETTER LANE, E.C., and
32, ABINGDON STREET, WESTMINSTER, S.W.; or
OLIVER AND BOYD, TWEEDDALE COURT, EDINBURGH; or
E. PONSONBY, 116, GRAFTON STREET, DUBLIN.

175. [Price ½d.]

POST OFFICE SAVINGS BANKS FUND. - - - -

AN ACCOUNT for the Year ended 31 December 1907, showing the INTEREST accrued in of the NATIONAL DEBT to the Credit of the POST OFFICE SAVINGS BANKS FUND, the OFFICE SAVINGS BANKS, and the Expenses incurred in the execution of those Acts;

	£.	s.	d.
Interest accrued on Securities standing to the credit of the Post Office Savings Banks Fund - - - - - - - - - - - - - - -	4,219,330	17	10
Excess paid and credited - - - - - - - - - - -	86,246	19	11
£.	4,305,577	17	9

SAVINGS BANKS FUND. - - - - - - -

AN ACCOUNT for the Year ended 20 November 1907, showing the INTEREST accrued in of the NATIONAL DEBT to the Credit of the FUND for the BANKS for SAVINGS, and the 40 Vict. c. 13, s. 17, and 54 & 55 Vict. c. 21, s. 15.

	£.	s.	d.
Interest accrued on Securities standing to the credit of the Fund for the Banks for Savings, after deducting expenses of Savings Banks Inspection Committee, under Section 4 (1) of 54 & 55 Vict. c. 21 - - - - - - - - - - -	1,431,590	15	1
Excess of Interest paid and credited to Trustees of Savings Banks by the National Debt Commissioners - - - - - - - - - - - - - - -	7,327	19	5
£.	1,438,918	14	6

FRIENDLY SOCIETIES FUND. - - - - - - -

AN ACCOUNT for the Year ended 20 November 1907, showing the INTEREST accrued in of the NATIONAL DEBT to the Credit of the FUND for FRIENDLY SOCIETIES, and the to Acts 40 Vict. c. 13, s. 17, and 54 & 55 Vict. c. 21, s. 15.

	£.	s.	d.
Interest accrued on Securities standing to the credit of the Fund for Friendly Societies	32,347	8	5
Excess of Interest paid and credited to Trustees of Friendly Societies by the National Debt Commissioners - - - - - - - - - - - - - - -	14,194	13	4
£.	46,542	1	9

National Debt Office,
9 June 1908.

- - - POST OFFICE SAVINGS BANKS FUND.

respect of the SECURITIES standing in the Names of the COMMISSIONERS for the REDUCTION INTEREST Paid and Credited to DEPOSITORS in pursuance of the ACTS relating to POST prepared pursuant to Acts 40 Vict. c. 13, s. 17, and 54 & 55 Vict. c. 21, s. 15.

	£.	s.	d.
Interest paid and credited to Depositors - - - - - - - - - -	3,719,975	–	2
Expenses incurred in the year - - - - - - - - - - - -	585,602	17	7
£.	4,305,577	17	9

- - - - - - SAVINGS BANKS FUND.

respect of the SECURITIES standing in the Names of the COMMISSIONERS for the REDUCTION INTEREST Paid and Credited to TRUSTEES of SAVINGS BANKS; prepared pursuant to Acts

	£.	s.	d.
Interest paid and credited to Trustees of Savings Banks - - - - - - -	1,438,918	14	6
£.	1,438,918	14	6

- - - - FRIENDLY SOCIETIES FUND.

respect of the SECURITIES standing in the Names of the COMMISSIONERS for the REDUCTION INTEREST Paid and Credited to the TRUSTEES of FRIENDLY SOCIETIES; prepared pursuant

	£.	s.	d.
Interest paid and credited to Trustees of Friendly Societies - - - - - -	46,542	1	9
£.	46,542	1	9

G. Hervey,
Comptroller-General.

175.

/ /

Mr. Lupin

NATIONAL DEBT
(SAVINGS BANKS AND FRIENDLY SOCIETIES).

1.—AN ACCOUNT of the GROSS AMOUNT of all SUMS Received and Paid by the COMMISSIONERS for the REDUCTION of the NATIONAL DEBT on account of BANKS for SAVINGS and FRIENDLY SOCIETIES in *Great Britain* and *Ireland* from their Commencement at 6th August 1817 to the 20th November 1907, inclusive:—Of the AGGREGATE AMOUNT of the SEPARATE SURPLUS FUND of all SAVINGS BANKS at 20th November 1907, and of the GROSS AMOUNT of all SUMS Transferred to or paid out of such Surplus Fund in the course of the year ended 20th November 1907:—And, of all EXPENSES incurred by the said COMMISSIONERS for SALARIES of CLERKS, or other Incidental Expenses during the year ended 20th November 1907.

2.—AN ACCOUNT setting forth in detail the whole of the several transactions which have taken place during the year ended 20th November 1907, in the INVESTMENT of all MONEYS which came into the hands of the COMMISSIONERS for the REDUCTION of the NATIONAL DEBT, for SAVINGS BANKS and FRIENDLY SOCIETIES, and of all the Variations which have taken place during such Year in the Securities held by the said COMMISSIONERS for those Institutions.

3.—A STATEMENT showing the AGGREGATE AMOUNT of the LIABILITIES of the GOVERNMENT to the TRUSTEES of SAVINGS BANKS and FRIENDLY SOCIETIES respectively, at 20th November 1907, and the Nature and Amount of the Securities held by the COMMISSIONERS for the REDUCTION of the NATIONAL DEBT to meet those Liabilities at that date.

Treasury Chambers,
24 February 1908. WALTER RUNCIMAN.

(*Presented pursuant to Acts of Parliament*, 26 & 27 *Vict. c.* 87, *s.* 60 *and* 4 *Edw.* 7. *c.* 8, *s.* 9.)

Ordered, by The House of Commons, *to be Printed*,
24 *February* 1908.

LONDON:
PRINTED FOR HIS MAJESTY'S STATIONERY OFFICE,
BY EYRE AND SPOTTISWOODE,
PRINTERS TO THE KING'S MOST EXCELLENT MAJESTY.

And to be purchased, either directly or through any Bookseller, from
WYMAN AND SONS, LTD., FETTER LANE, E.C., and
32, ABINGDON STREET, WESTMINSTER, S.W.; or
OLIVER AND BOYD, TWEEDDALE COURT, EDINBURGH; or
E. PONSONBY, 116, GRAFTON STREET, DUBLIN.

70. [*Price* 1*d*.]

— 1. — - - - - - - - - -

SAVINGS BANKS AND FRIENDLY SOCIETIES. - - - - - - -

AN ACCOUNT of the GROSS AMOUNT of all SUMS Received and Paid by the Commissioners for the REDUCTION of the Commencement at 6th August 1817 to 20th November 1907, inclusive ;

From 6th August 1817 to 20th November 1907, inclusive.	GROSS AMOUNT of all Sums received from Trustees, and Interest credited to them, including Interest up to and due upon 20th Nov. 1907.	GROSS AMOUNT of all Sums paid to Trustees, including Interest.	GROSS AMOUNT of all Stocks, Annuities, and other Securities standing in the Names of the Commissioners on 20th November 1907. Stocks.	Bills and Bonds.	Annuities for Terms of Years.	Advances in respect of which Annuities had not been granted at 20th Nov. 1907.
	£. s. d.	£. s. d.	£. s. d.	£.	£. s. d.	£.
GREAT BRITAIN and IRELAND :						
Savings Banks - - - - - - -	190,160,530 14 8	137,232,463 11 -	31,574,403 5 4	1,130,000	1,855,186 17 10	16,017
Friendly Societies, per Act 59 & 60 Vict. c. 25 -	10,170,791 7 1	8,824,767 18 10	1,260,705 - 5	—	—	—
TOTAL { SAVINGS BANKS and FRIENDLY SOCIETIES } £.	200,331,322 1 9	146,057,231 9 10	32,835,108 5 9	1,130,000	1,855,186 17 10	16,017

AN ACCOUNT of the AGGREGATE AMOUNT of SEPARATE SURPLUS FUND of all SAVINGS BANKS at 20th November 1907 ; and of the GROSS AMOUNT of all Sums Transferred to or paid out of such Surplus Fund in the course of the Year ended 20th November 1907.

	Not carrying Interest.	Carrying Interest.	TOTAL.
	£. s. d.	£. s. d.	£. s. d.
Balance on Separate Surplus Fund, at 20th November 1906 - - -	353,346 6 5	366,418 1 3	719,764 7 8
Transferred to Separate Surplus Fund during year ended 20th November 1907.	1,304 - 2	19,358 14 -	20,662 14 2
	354,650 6 7	385,776 15 3	740,427 1 10
Paid out of Separate Surplus Fund during year ended 20th November 1907	1,034 1 11	4,800 - -	5,834 1 11
Balance at 20th November 1907 - - - £.	353,616 4 8	380,976 15 3	734,592 19 11

- - - - - - - - — 1. —

- - - - - - - SAVINGS BANKS AND FRIENDLY SOCIETIES.

National Debt on account of Banks for Savings and Friendly Societies in *Great Britain* and *Ireland*, from their prepared under the following Heads, pursuant to 26 & 27 Vict. c. 87.

SUMS PAID.							
For the Purchase of Stocks, Annuities, and other Securities, after deduction of Sums received for Sales and for Return of Capital in Terminable Annuities.	For Expenses charged on the Savings Banks Fund.	To Exchequer, per Act 40 Vict. c. 13, s. 15, being Excess of Interest accrued over Interest credited to Trustees.	TOTAL.	AMOUNT of Interest, Dividends and Return of Capital (69,847,322*l.* -*s.* 5*d.*) in Terminable Annuities received by the Commissioners.	AMOUNT received from Exchequer, per Act 40 Vict. c. 13, ss. 15 and 16, being Excess of Interest credited to Trustees above that accrued on Securities.	RECEIVED from EXCHEQUER on account of Deficiency of Capital. — SAVINGS BANKS, per Act 43 & 44 Vict. c. 36, s. 1. FRIENDLY SOCIETIES, per Acts 45 & 46 Vict. c. 72, s. 21, and 50 & 51 Vict. c. 16.	GROSS AMOUNT of Interest paid and credited to Savings Banks and Friendly Societies by the Commissioners, including Interest up to and due upon 20th November 1907.
£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.	£. s. d.
				160,020,459 17 11	764,763 15 -	2,217,323 18 -	
50,506,870 11 9	82,224 15 10	102,201 5 3	50,691,296 12 10		163,002,547 10 11		94,459,430 18 7
				2,632,954 - 7	814,548 13 -	1,269,826 3 9	
1,473,671 4 7	--	—	1,473,671 4 7		4,717,328 17 4		4,587,021 18 2
				162,653,413 18 6	1,579,312 8 -	3,487,150 1 9	
51,980,541 16 4	82,224 15 10	102,201 5 3	52,164,967 17 5		167,719,876 8 3		99,046,452 16 9

Besides the above-named Securities, the following Balances remained uninvested on the 20th November 1907, viz.:		£. s. d.
Balance in Banks of England and Ireland (less Drafts issued but not paid); Savings Banks, United Kingdom - -		211,331 13 3
Ditto - Bank of England - - - - - - - ditto - - - - - Friendly Societies, United Kingdom - -		2,659 2 10
	£.	213,990 16 1

AN ACCOUNT of all Expenses incurred by the said Commissioners for Salaries of Clerks, or other Incidental Expenses, during the Year ended 20th November 1907.

The Charges of Management under this Head are not distinguished from the General Management of the Office of the Commissioners but, so far as the same can be estimated, they may have amounted to 4,000*l.*

— 2. —

AN ACCOUNT setting forth in Detail the whole of the several Transactions which have taken place during the Year COMMISSIONERS for the REDUCTION of the NATIONAL DEBT, for SAVINGS BANKS and FRIENDLY SOCIETIES, and COMMISSIONERS for those Institutions.

SUMS Received on account of Savings Banks.

DATE.	For Securities Sold and Securities Paid Off. Consols.	War Stock.	Guaranteed Land Stock.	Exchequer Bonds (1907).	Exchequer Bonds (1909).	Treasury Bills.	Greek Guaranteed 2½ % Bonds.	Irish Land Commission Bonds.	Price.	TOTAL SUMS RECEIVED.
	£. s. d.	£.	£.	£.	£.	£.	£.	£.		£. s. d.
Balance in Banks of England and Ireland at 20 November 1906.	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - -	61,500 1 1
1906.										
28 November	—	—	—	—	—	—	—	16,000	par	16,000 - -
28 "	—	—	—	—	—	—	—	5,500	par	5,500 - -
7 December	—	—	—	—	—	10,000	—	—	3½ °/o disc.	9,896 4 -
15 "	—	—	—	—	—	100,000	—	—	"	98,970 4 2
17 "	—	—	15,000	—	—	—	—	—	86¾	13,012 10 -
18 "	—	—	4,000	—	—	—	—	—	"	3,470 - -
18 "	—	—	—	—	—	50,000	—	—	3½ °/o disc.	49,597 5 3
18 "	—	—	—	—	—	20,000	—	—	"	19,794 13 2
19 "	—	—	—	—	—	—	100,000	—	87	87,000 - -
27 "	—	—	5,000	—	—	—	—	—	86¾	4,337 10 -
27 "	47,608 10 5	—	—	—	—	—	—	—	85 13/16	40,397 18 11
28 "	29,090 18 2	—	—	—	—	—	—	—	"	25,000 - -
31 "	—	—	—	—	—	—	77,100	—	87	67,077 - -
1907.										
9 February	—	—	—	19,000	—	—	—	—	100	19,000 - -
16 "	—	—	—	10,000	—	—	—	—	99 15/16	9,993 15 -
18 "	—	—	—	20,000	—	—	—	—	100	20,000 - -
26 "	—	—	—	20,000	—	—	—	—	"	20,000 - -
1 March	—	—	—	40,000	—	—	—	—	"	40,000 - -
5 "	—	—	—	—	—	50,000	—	—	3⅜ °/o disc.	49,617 12 9
19 "	—	30,000	—	—	—	—	—	—	97	29,100 - -
25 "	—	20,000	—	—	—	—	—	—	96⅞	19,375 - -
27 "	—	40,000	—	—	—	—	—	—	97⅛	38,850 - -
28 "	—	—	—	—	5,000	—	—	—	99	4,950 - -
30 May	—	—	—	—	—	—	—	100,000	par	100,000 - -
27 June	—	—	—	46,400	—	—	—	—	100	46,400 - -
2 July	—	—	—	—	100,000	—	—	—	99 9/16	99,562 10 -
30 "	—	—	—	—	30,000	—	—	—	99¾	29,925 - -
6 August	—	—	—	50,000	—	—	—	—	100	50,000 - -
13 "	—	—	—	—	40,500	—	—	—	99½	40,297 10 -
16 "	—	—	—	—	—	—	—	100,000	par	100,000 - -
£.	76,099 8 7	90,000	24,000	205,400	175,500	230,000	177,100	221,500		1,218,624 14 4

Sums received from Trustees	561,585 4 3
Dividends on Stock, Annuities for Terms of Years, and Interest on other Securities (including Interest on Treasury Bills)	2,659,679 5 -
Received from Exchequer, per 43 & 44 Vict. c. 36, being Annuity created to pay off the Total Capital Deficiency, on account of Trustee Savings Banks, as it stood on 20th November 1880	83,672 12 -
Received for Stock sold for Depositors	21,019 1 2
For Allowance to Trustees on the Grant and Payment of Annuities	175 2 -
Received from Exchequer, per Act 40 Vict. c. 13, s. 15, being excess of Interest credited to Trustees above that accrued on Securities	9,491 2 6
Temporary Advances to Irish Land Purchase Fund repaid	406,000 - -
£.	4,960,247 1 3

During the year ended 20th November 1907 Certificates, issued at the request of Depositors, were lodged with the Commissioners for the Reduction of Fund; and 60,725*l.* 10*s.* 9*d.* sterling from the Post Office Savings Banks Fund to the Fund for the Banks for Savings; further, the sum of 175,554*l.* 10*s.* 8*d.* sterling Trustee Savings Banks, and 88,287*l.* 15*s.* 7*d.* sterling was transferred from the Savings Bank Investment Account to the Fund for the Banks for Savings, being the due to the Fund for the Banks for Savings and the Savings Bank Investment Account, were, at various periods during the year, converted, at the market price not being cash transactions, but merely sums written off from one Stock Account to the other in each case, do not appear in the above Return.

- - - - - - - - — 2. —

ended 20th November 1907, in the INVESTMENT of all MONEYS (which came into the hands of the of all the Variations which have taken place during such Year in the Securities held by the said

INVESTMENTS made and Sums paid on account of Savings Banks.

DATE.	In Stock and other Securities.								TOTAL SUMS PAID.
	2½ per cent. Annuities.	2¾ per cent. Annuities (1905).	Guaranteed Land Stock.	Guaranteed 2¾ per cent. Stock.	Treasury Bills.	Exchequer Bonds (1907).	Exchequer Bonds (1909).	Price.	
1906.	£.	£.	£. s. d.	£. s. d.	£.	£.	£.		£. s. d.
22 November	—	—	4,000 - -	—	—	—	—	87⅞	3,515 - -
23 "	—	—	2,200 - -	—	—	—	—	87⅞	1,933 5 -
28 "	—	—	900 - -	—	—	—	—	87⅞	790 17 6
3 December	—	—	1,900 - -	—	—	—	—	87⅞	1,669 12 6
1907.									
10 January	—	—	—	—	—	—	5,000	99¼	4,998 13 3
10 "	—	5,400	—	—	—	—	—	92½	4,995 - -
12 "	—	—	—	—	—	100,000	—	$99\frac{13}{16}$	100,363 3 8
16 "	—	15,000	—	—	—	—	—	92½	13,875 - -
16 "	—	—	—	—	—	9,000	—	99¾	9,030 - 5
16 "	—	6,500	—	—	—	—	—	92½	6,012 10 -
25 "	—	—	—	—	50,000	—	—	3⅜ % disc.	49,617 12 9
28 May	—	—	—	—	—	17,000	—	100	17,030 14 9
29 "	—	—	—	—	—	3,400	—	100	3,406 2 11
30 "	—	—	—	—	—	1,000	—	100	1,001 19 5
4 June	—	—	—	—	—	—	62,000	99⅝	62,027 7 9
6 "	—	—	—	—	—	—	40,000	99⅝	40,024 4 11
14 "	—	—	—	—	—	10,000	—	$99\frac{31}{32}$ }	25,077 - 3
14 "	—	—	—	—	—	15,000	—	100 }	
2 July	—	—	—	560,471 19 6	—	—	—	84¾	475,000 - -
8 "	—	—	—	—	—	—	30,000	$99\frac{5}{16}$	30,078 6 9
18 "	—	—	—	—	—	—	6,500	99¾	6,485 7 1
18 "	—	6,120	—	—	—	—	—	90¼	5,523 6 -
22 "	—	—	—	—	—	—	32,000	99¾	31,941 - 10
1 August	—	—	—	—	—	50,000	—	100	50,357 10 8
12 "	—	—	—	61,349 13 10	—	—	—	81½	50,000 - -
16 "	—	—	45,606 10 6	—	—	—	—	83½	38,081 9 -
20 "	19,700	—	—	—	—	—	—	80	15,760 - -
21 "	—	—	—	—	25,000	—	—	4⅛ % disc.	24,550 15 5
22 "	—	7,000	—	—	—	—	—	$89\frac{15}{16}$	6,295 12 6
22 "	4,000	—	—	—	—	—	—	80	3,200 - -
27 "	1,300	—	—	—	—	—	—	80	1,040 - -
16 September	—	—	800 - -	—	—	—	—	83½	668 - -
20 "	—	—	1,500 - -	—	—	—	—	83½	1,252 10 -
24 "	—	—	800 - -	—	—	—	—	83½	668 - -
30 "	—	—	2,800 - -	—	—	—	—	83½	2,338 - -
4 October	—	—	—	—	—	—	20,000	$99\frac{11}{16}$	20,072 5 11
4 "	—	7,000	—	—	—	—	—	89⅝	6,273 15 -
7 "	—	—	—	250,000 - -	—	—	—	84 17 11 x.d.	212,239 11 8
9 "	—	—	194 15 10	—	—	—	—	84¾	165 1 9
18 "	—	—	276 - 4	—	—	—	—	84¾	233 18 6
30 "	—	—	539 14 5	—	—	—	—	84½	456 1 3
30 "	—	—	—	—	—	—	50,000	99¾	49,940 15 1
4 November	—	—	—	—	—	—	5,000	99¾	4,996 2 7
7 "	—	—	—	—	—	—	5,000	$99\frac{11}{16}$	4,993 8 3
11 "	—	—	3,000 - -	—	—	—	—	84¼	2,527 10 -
13 "	—	—	4,000 - -	—	—	—	—	83⅞	3,355 - -
13 "	—	—	—	—	—	—	5,000	$99\frac{11}{16}$	4,993 8 4
15 "	—	—	2,000 - -	—	—	—	—	83⅞	1,677 10 -
19 "	—	—	—	—	—	—	20,000	99¼	19,909 3 6
	25,000	47,020	70,517 1 1	871,821 13 4	75,000	205,100	280,500		1,420,441 15 2

	£. s. d.
Drafts paid to Trustees	2,858,459 13 6
Bank of England Fees	- 16 -
Balance of Commission, under Section 3 of Savings Banks Act, 1880	67 4 5
Paid for Stock bought for Depositors and placed to credit of the Savings Bank Investment Account	43,567 17 2
Expenditure of Trustee Savings Banks Inspection Committee	4,361 1 9
Advances under "Land Registry (New Buildings) Act 1900," 63 & 64 Vict. c. 19	1,000 - -
Advances under "Railways (Ireland) Act, 1896," 59 & 60 Vict. c. 34	6,000 - -
Advances under "Light Railways Act, 1896," 59 & 60 Vict. c. 48	1,017 - -
Advances under Public Offices Site (Dublin) Act, 1903, 3 Edw. VII. c. 16	8,000 - -
Temporary Advances to Irish Land Purchase Fund	406,000 - -
Balance in Banks of England and Ireland on 20th November 1907	211,331 13 3
£.	4,960,247 1 3

the National Debt for the Transfer of 37,528*l.* 16*s.* 10*d.* sterling from the Fund for the Banks for Savings to the Post Office Savings Banks was transferred from the Fund for the Banks for Savings to the Savings Bank Investment Account, for the purchase of Stock for Depositors in amount realised by the sale of Stock for Depositors. The balances of above sums, 23,196*l.* 13*s.* 11*d.* and 87,266*l.* 15*s.* 1*d.* sterling, respectively of the day, into 27,730*l.* 15*s.* 10*d.* and 103,320*l.* 1*s.* 4*d.* Stock, which was transferred to the Stock standing to the credit of these funds. These transfers

2.—AN ACCOUNT setting forth in Detail the whole of the several Transactions which have taken place during the Year ended 20th November 1907, &c.—*continued.*

FRIENDLY SOCIETIES, 59 & 60 Vict. c. 25.

SUMS Received and Securities Sold in the Year ended 20th November 1907.

DATE.	Exchequer Bonds (1907).	Exchequer Bonds (1909).	Consols.	Price.	TOTAL Sums Received.
	£.	£.	£. s. d.		£. s. d.
Balance in Bank of England 20 November 1906					6,825 6 3
1906.					
3 December	—	—	5,743 – –	$87\frac{1}{16}$	5,000 – –
17 "	—	—	1,451 14 9	$86\frac{1}{4}$	1,252 2 6
28 "	—	—	726 6 7	$85\frac{15}{16}$	624 3 9
1907.					
2 January	—	—	1,159 8 5	$86\frac{1}{4}$	1,000 – –
26 February	3,000	—	—	100	3,000 – –
26 March	—	—	3,529 8 3	85	3,000 – –
10 April	—	—	4,727 13 3	$86\frac{7}{16}$	4,086 9 5
11 "	—	—	1,743 4 1	$86\frac{1}{4}$	1,503 10 3
30 "	—	—	5,873 14 4	$85\frac{1}{8}$	5,000 – –
10 May	—	—	4,725 6 5	$84\frac{7}{8}$	4,010 12 4
21 "	—	—	3,764 15 3	85	3,200 – 11
13 June	—	—	5,212 4 3	$83\frac{15}{16}$	4,375 – –
21 "	—	—	2,952 13 7	$83\frac{1}{4}$	2,458 2 1
25 "	—	—	3,313 16 8	$84\frac{1}{16}$	2,785 14 –
9 August	—	—	2,884 17 11	$81\frac{3}{8}$	2,347 11 8
21 "	—	—	3,666 18 5	$81\frac{13}{16}$	3,000 – –
25 September	—	—	3,371 – 9	$82\frac{1}{4}$	2,772 13 7
26 "	—	—	6,088 5 7	$82\frac{1}{8}$	5,000 – –
30 "	—	—	315 10 3	$82\frac{3}{16}$	259 6 3
29 October	—	5,000	—	$99\frac{3}{4}$	4,987 10 –
4 November	—	5,000	—	$99\frac{3}{4}$	4,987 10 –
£.	3,000	10,000	61,249 18 9		71,475 13 –
Sums received from Trustees					8,112 – –
Dividends on Stock and Interest on Securities					32,542 13 10
Received from Exchequer, per Act 40 Vict. c. 13, s. 16, being excess of Interest credited to Trustees above that accrued on Securities					14,231 3 10
				£.	126,361 10 8

SUMS Paid and Securities Bought in the Year ended 20th November 1907.

DATE.	Exchequer Bonds (1907).	Exchequer Bonds (1909).	Price.	TOTAL Sums Paid.
	£.	£.		£. s. d.
16 January 1907	3,000	—	$99\frac{5}{8}$	3,004 10 7
2 September 1907	—	10,000	$99\frac{1}{2}$	9,991 1 11
£.	3,000	10,000		12,995 12 6
Drafts paid to Trustees				110,706 15 4
Balance in the Bank of England, 20th November 1907				2,659 2 10
			£.	126,361 10 8

— 3. —

A STATEMENT showing the AGGREGATE AMOUNT of the LIABILITIES of the GOVERNMENT to TRUSTEES OF SAVINGS BANKS and to FRIENDLY SOCIETIES respectively, at 20th November 1907, and the Nature and Amount of the Securities held by the COMMISSIONERS for the REDUCTION of the NATIONAL DEBT to meet those Liabilities at that date.

I. TRUSTEE SAVINGS BANKS.

Liabilities.	£. s. d.	Nature and Amount of Securities held.	£. s. d.
Amount of Principal and Interest due to the Trustees of Savings Banks on 20th November 1907, including 734,592*l.* 19*s.* 11*d.* standing to the credit of the Trustees on the Separate Surplus Fund Account	52,928,067 3 8	*Stocks:*	
		2½ per Cent. Consols	17,347,487 – 4
		2½ per Cent. Annuities	1,117,941 6 1
		2¾ per Cent. Annuities (1905)	317,189 5 10
		Local Loans 3 per Cent. Stock	8,450,277 9 6
		2¾ per Cent. Guaranteed Land Stock	2,205,187 9 5
		2½ per Cent. War Stock	100,000 – –
		Guaranteed 2¾ per Cent. Stock	1,521,320 14 2
		Transvaal Government 3 per Cent. Guaranteed Stock	515,000 – –
		Bills and Bonds:	
		Treasury Bills	25,000 – –
		Greek Guaranteed 2½ per Cent. Bonds	1,000,000 – –
		Exchequer Bonds (1909)	105,000 – –
		Annuities for Terms of Years:	
		Annuities operating to replace Stock—amount of Stock still outstanding	5,798,048 10 8
		Annuities operating to replace Cash—amount of Cash still outstanding	14,710,992 15 10
		Advances for which Annuities had not been granted on November 20th, 1907	16,017 – –
		Interest accrued	422,758 15 9
		Cash Balance	211,331 13 3

II. FRIENDLY SOCIETIES.

Amount of Principal and Interest due to the Trustees of Friendly Societies on 20th November 1907	1,346,023 8 3	2½ per Cent. Consols	1,260,705 – 5
		Dividends accrued	3,933 10 6
		Cash Balance	2,659 2 10

1267297.13.9
[illegible]478325.14.6

National Debt Office,
20th February 1908.

G. HERVEY,
Comptroller-General.

Mr. Lupin

TRUSTEE SAVINGS BANKS.

REPORT

OF THE

PROCEEDINGS OF THE INSPECTION COMMITTEE

OF

TRUSTEE SAVINGS BANKS

FOR THE

Year ended 20th November 1907,

WITH

APPENDICES.

SIXTEENTH ANNUAL REPORT.

Treasury Chambers,
27 February 1908. } WALTER RUNCIMAN.

(*Presented to Parliament under Act* 54 & 55 *Vict. c.* 21, *s.* 3, *s-s.* 7.)

Ordered, by The House of Commons, *to be Printed,*
27 *February* 1908.

LONDON:
PRINTED FOR HIS MAJESTY'S STATIONERY OFFICE,
BY EYRE AND SPOTTISWOODE,
PRINTERS TO THE KING'S MOST EXCELLENT MAJESTY.

And to be purchased, either directly or through any Bookseller, from
WYMAN AND SONS, LTD., FETTER LANE, E.C., and
32, ABINGDON STREET, WESTMINSTER, S.W.; or
OLIVER AND BOYD, TWEEDDALE COURT, EDINBURGH; or
E. PONSONBY, 116, GRAFTON STREET, DUBLIN.

76. [*Price 2d.*]

TABLE OF CONTENTS.

REPORT

OF THE

PROCEEDINGS OF THE INSPECTION COMMITTEE

OF

TRUSTEE SAVINGS BANKS

FOR THE

YEAR ENDED 20TH NOVEMBER 1907,

WITH

APPENDICES.

SIXTEENTH ANNUAL REPORT.

Trustee Savings Banks' Inspection Committee,
9, Serle Street, London, W.C.,
6th January 1908.

To
The Commissioners for the
Reduction of the National Debt.

MY LORDS AND GENTLEMEN,

WE have the honour to report to you, in pursuance of Sub-section 7 of Section 3 of the Savings Banks Act, 1891, our proceedings for the year ended 20th November 1907—the sixteenth which has elapsed since our appointment under that Act.

THE COMMITTEE.

Our first proceedings during that year were to re-appoint our Chairman, Sir Albert Rollit, (our Vice-Chairman, Mr. Thos. A. Welton, F.C.A., having been appointed in 1905 for the term of four years), and also our Standing Sub-Committees of "Accounts and Inspectors' Reports" and of "Rules and Special Purposes," with their membership unchanged, viz.:—Mr. Hepper and Mr. Stutchbury, in the case of the former Sub-Committee, and Sir Edward Brabrook, Mr. Walters, and Mr. Wood in the case of the latter, with the Chairman and Vice-Chairman as members of each ex-officiis. Re-appointment of Chairman, and Standing Sub-Committees.

The services of a Special Sub-Committee, consisting of Sir Albert Rollit and Mr. Walters, both ex-Presidents of the Law Society, were subsequently required to deal with a matter which involved questions relative to Special Investments. Special Sub-Committee.

The period of four years for which Mr. Stutchbury was appointed a member expired on the 20th November last, and the vacancy thus caused was filled by the Governor of the Bank of England appointing Mr. H. B. Orchard, Chief Accountant of the Bank of England, to act as a member of the Committee for a period of four years from that date. The retirement of Member's vacation of office.

Mr. Stutchbury, prompted by considerations of health, is a matter of great regret to us. His wide experience of Banking and Finance and his other high and expert qualifications have been of the greatest possible value to us during the past 13 years, and we trust that relief from official duties will conduce to the preservation of his health and the enjoyment of a well-earned leisure.

Appointment of his successor.

The appointment of Mr. Orchard was acceptable as it renews an association with the office of Chief Accountant of the Bank of England, which existed until Mr. Stutchbury retired from that position in 1905.

Vacation of office by three members representing the Banks and their re-appointment.

The completion of the past Savings Bank year also terminated the period of service of the three members of the Committee (Sir Albert Rollit, Mr. Hepper, and Mr. Wood) who represent the Banks under Clause 4 of the Statutory Scheme regulating our appointment, constitution, and proceedings, framed under Section 2 of the Savings Banks Act, 1891. Each of the Banks (at present 22) having the necessary qualification, viz.:—a Balance of not less than 500,000*l.* on its General Account at the National Debt Office on the 20th November 1906, made a fresh nomination, and, from the list of the names of the gentlemen so nominated as eligible to serve, the three remaining members and our new member unanimously selected those of the three retiring members, who were in each case nominated by a large majority of the Banks, and who have since duly accepted office.

Re-arrangement of Standing Sub-Committees.

These changes and re-appointments have involved some modifications of the membership of our Standing Sub-Committees. Mr. Wood, who is Chairman of the Edinburgh Savings Bank, now shares in the work of the Sub-Committee of "Accounts and Inspectors' Reports," Mr. Orchard taking Mr. Wood's place on the Sub-Committee of "Rules and Special Purposes."

Expenses.

Our expenditure amounted during the past year to 4,361*l.* 1*s.* 9*d.*, of which particulars will be found on page 12, where the usual annual account appears as Appendix A to this Report.

INSPECTION WORK.

Number of inspections.

At the beginning of the year there were 224 Banks certified under the Trustee Savings Banks Acts, 1863–1904, and all, including most of their Branches, were inspected before the 20th November 1907. Supplementary visits were paid to 182 of them, the interval being made as long as possible. Our Chairman also visited several Banks and officially conferred with their Trustees and Managers on the subject of their duties and management.

General results of inspections.

The Reports of our Inspectors upon the Banks are, in the great majority of cases, satisfactory. Some informalities and infringements of rules have been noticed in the case of a few Banks, arising partly from pressure of business, and partly from undue reliance upon personal acquaintance with depositors and upon local knowledge. Owing to these causes, there is sometimes a neglect to make suitable permanent records of facts, to obtain proper vouchers for the sums repaid to depositors, to keep a complete register of depositors' signatures, to make a note of the circumstances causing a change of name, to protect the Bank by a proper explanatory record of the reason for issuing a duplicate pass-book, and the like. From these omissions, inconvenience and even loss to the Banks may arise when the verbal testimony of the parties is no longer available, or when matters are complicated by family or other differences and disputes. Necessary inquiries may be rendered difficult and even altogether frustrated, and the risk of personation of depositors is increased.

In exceptional cases where the rules have not been carefully observed and where the administration may have been somewhat inefficient, it has at times been found difficult to prevail upon the Trustees and Managers to take the action necessary to put matters in better order. They sometimes shew a tendency to support an officer whose acts or omissions are called in question. In fact, it may be inferred generally that negligence and inefficiency naturally result from want of active control by the governing body, implying a disposition to leave the affairs of the Bank too exclusively in the hands of an official, who may in time come to regard his own interest, or convenience, as a paramount consideration.

Rules. One indication of efficient management is, in our opinion, the possession of comparatively modern rules, dating back not later than 1895, when we first prepared a set of Draft Rules for the use of Savings Banks, which was published in our Third Annual Report (H.C.P. 42, Session 1895). These Draft Rules have been revised, as new Treasury Regulations were issued, and were last published in our Fourteenth Annual Report (H.C.P. 57, Session 1906). Since this subject was mentioned last year 10 Banks have completely revised their rules, and others have done so partially. Revision of rules is in progress at 12 Banks, but 44 still administer their affairs by means of rules dated prior to 1891, when the first of the last three Savings Banks Acts was passed, while the rules of 27 date back to 1863, when the Statute Law relating to Savings Banks was codified, nothing having been done since then to revise them as a whole, although in some cases a few partial amendments may have been made on points of detail.

Accounts. There is now little likelihood of serious errors in book-keeping (as distinguished from frauds or falsifications) escaping correction by the audit, or notice by the Inspectors. The books in use at many Banks are not so complete as to admit of the accounts being kept and balanced by double entry, but the form in which the Annual Returns are rendered to the National Debt Office serves as a mode of effecting a complete balancing of the accounts and of bringing the figures of the year into one general statement.

The accounts of the Banks for 1906, which formed the basis of Inspection work for 1907, purported in every case to have been accurately balanced without recourse to entries in a suspense account. In one instance only did an error emerge in the course of the inspection. This was detected by the Inspector in the castings of the interest credited to depositors, of the balances due to them, and of those balances as extended for statistical purposes into classes, according to size. A corrected Annual Return was forwarded to your Department, and the Bank has since been reorganised, the Secretary and Auditor having both resigned.

An error of 5*s.* in the balancing of the Accounts of one Bank in 1905, which had formed the subject of repeated subsequent searches, was at length cleared up by the officers of the Bank last year. The difference was due to the posting of a deposit of 5*s.* to two separate deposit accounts, and as such should have been noticed on the first re-checking of the postings. It was traced by the comparison of the deposit account to which the item had been improperly posted with the depositor's pass book, when produced at the Bank (for the first time) two years after the mistake had been made.

At 10 Banks the postings from Cash-Books to Ledgers have been found by the Inspectors to be in arrear, and at 11 Banks the duplicate record of every transaction, required as evidence of the application of the statutory double check, has been reported to be occasionally faulty, entries of one and the same transaction having been found in both Cash-Books at each Bank in the same handwriting.

Audits. In most cases the Auditors of the Banks are either qualified professional Accountants, or persons otherwise competent; but at 17 Banks attention was drawn to insufficient work by the Auditor. From the smallness of the fees which these Banks can afford to offer, there is sometimes a difficulty in getting the best men as Auditors. But, nevertheless, this is a most important matter, to which the attention of the Trustees and Managers should always be given in the public interest, and for their own protection.

It is in our opinion an indispensable condition that the independence and efficiency of the audit should command the confidence of the public, and should be free from any doubt arising from family relationship or otherwise. Accordingly, at an important Bank, the management of which in all other essential particulars appears to be efficient, we drew the special attention of the Trustees and Managers to the fact of the Auditor and the paid officer in charge of the Ledgers being father and son. The Bank's Committee have nevertheless maintained the arrangement to which exception was taken, and have thus assumed full responsibility for the efficiency of the audit so performed.

At eight Banks there was a change of Auditor last year owing to death or resignation, but at only one of them was the opportunity taken to substitute as Auditor a professional Accountant for a person not in practice as such. In the case of another Bank, in consequence of circumstances showing that the audit rule in force was insufficient, it became necessary in the exercise of our powers under Section 3 (5) of the Savings Banks Act, 1891, to draw an audit rule requiring the Trustees and Managers to select an Auditor with technical qualifications. The new rule was adopted by the Bank, and will take effect in the present year.

Dormant or unclaimed deposit accounts.

The Ledgers of many Banks contain dormant or unclaimed deposit accounts, the existence of which is largely due to the secrecy esteemed so highly by depositors. This feeling we understand and respect, but we have long advocated the adoption of a rule requiring such accounts to be earmarked by transfer to a separate Ledger after a period of time, (such as seven or ten years), during which no transactions have taken place. In one case reported last year, payment of a sum deposited in the name of a person in the year 1826 was not claimed by him until last February, by which time it had accumulated to ten times the amount of the original deposit, solely by the addition of compound interest, no intermediate transactions of deposit or repayment having taken place. Such deposits are almost at the mercy of any fraudulently-disposed officer, with knowledge of the facts, especially if he has possession of the genuine pass-book ; but the Actuaries have not infrequently resisted the adoption of the practice suggested, alleging that it would involve unnecessary trouble, and in some cases be impracticable. It seems to us, however, that any trouble at the time of transfer, and when claims by the true owners require transfers back again into the Ledgers containing the current accounts, is compensated by the consideration that, pending re-claim, the isolation of these accounts in the manner recommended tends to prevent improper dealings and to expedite the posting up and balancing of the books.

The failure to exercise adequate supervision and control over such accounts was the chief circumstance which facilitated defalcations by a clerk last year, involving one Bank in a small loss, (over and above the amount of the culprit's guarantee), and which necessitated an application for an issue from the Separate Surplus Fund, which was sanctioned.

Several Banks take active steps to prevent dormant deposit accounts from becoming lost sight of, or being tampered with, and although the rule as to secrecy is possibly in some danger of infringement through such action, the cases where these examples appear worthy of consideration and perhaps of imitation by other Banks are noted on page 13 as Appendix B to this Report.

Expenditure.

The last Annual Parliamentary Return relative to Trustee Savings Banks (H.C.P. 270, Session 1907) shows that the aggregate expenditure of the Banks for management during the year ended 20th November 1906 was almost the same as in the previous 12 months, being 149,834*l.* 4*s.* 3*d.*, as against 149,501*l.* 2*s.* 7*d.* in 1905, although salaries had risen from 117,448*l.* 1*s.* 3*d.* in 1905 to 118,614*l.* 19*s.* 8*d.* in 1906, an increase of 1,166*l.* 18*s.* 5*d.* The cost of management remained at the satisfactory rate of 5*s.* 6*d.* per 100*l.* of assets, the figure at which it has now stood for four years continuously. The cost per transaction decreased from $6\frac{8}{10}d.$ to $6\frac{6}{10}d.$, being a reduction of $\frac{1}{5}d.$ upon the corresponding figure for the previous year, which was then the lowest since 1893, when this information was first published.

Augmented salaries have been reported by our Inspectors during the past year at 24 Banks, for which there appeared to us to be good reasons, but we made objections in 29 cases, where increases in salaries, or special charges, incurred or contemplated, did not appear to us to be necessary, or where diminished income, due to decreased business, required a reduction of expenditure. In 21 of these cases the extra payments were discontinued or refunded, or the general expenditure was reduced. In five cases the matter is still the subject of correspondence, and in three cases we reported to you, as afterwards appears.

Reductions in expenditure were also effected at 17 Banks in consequence of deaths, or resignations of paid officers or of auditors, retiring allowances being granted to three paid officers. In two cases the allowances were for short terms only, so that the Trustees of the Banks might be free to renew them or not. In the third case the allowance was granted subject to review, and was to be contingently reducible by one-third. An application to charge one of these allowances to the Separate Surplus Fund was not sanctioned.

Depositors' interest.

The correlative of a high rate of expenditure for management is generally, if not universally, a low rate of interest to depositors, *e.g.*, the recent reduction of the former at two Banks has enabled the latter to be raised from 2*l*. 7*s*. 6*d*. to 2*l*. 10*s*. per cent. This is the maximum rate of interest allowed by law, and is now given by nearly all the Banks. Where a lower rate is given, either the Banks are very small or are hampered by special circumstances. In our opinion, failure to give the full rate reflects *primâ facie* upon the efficiency of the management, and we urge upon the Trustees and Managers in such cases to spare no effort, and to lose no opportunity, for reducing expenditure within such limits as will enable them to raise their rate of interest to 2*l*. 10*s*. per cent.

Premises.

Applications for issues from the Separate Surplus Fund of sums amounting to 905*l*. 16*s*. 3*d*. to meet special charges, mostly for acquiring new buildings, or altering or repairing existing premises, were received from seven Banks, and all were sanctioned. Since our last Report eight Banks have removed to improved premises. Those of the Preston Savings Bank were publicly opened by our Chairman on the 25th July last.

Profits.

Taking the Banks as a whole for the year ended 20th November 1906,—

	£
152 earned surplus profits, amounting to - -	41,250
26 balanced their accounts of Profit and Loss exactly, and	
46 showed an excess of expenditure over income, amounting to - - - - -	2,950
Thus leaving a net surplus of Income over Expenditure of - - -	£38,300

The excess of expenditure over income was due in 13 cases out of the 46 to special causes.

Statutory notices not complied with.

Three matters were reported to you under Section 3 (2) of the Savings Banks Act, 1891, the following Banks not having complied with requests to remedy defaults, or to reduce expenditure, within a specified time, viz. :—

(1) Lambeth, whose expenditure for management is excessive, and into whose Balance Sheet certain dormant deposit accounts and interest thereon have not been introduced as liabilities, and which was accordingly requested—

(*a*) To render an amended General Statement, with those accounts and interests included as liabilities;

(*b*) To rescind a resolution increasing an officer's salary

(2) Poplar, which was called upon :—

(*a*) To remedy infringements of the rule requiring a Trustee or Manager to be present during the hours of business and to be a party to transactions under Section 6 (2) of the Trustee Savings Bank Act, 1863;

(*b*) To reduce the salaries of the Secretaries, of whom there are two.

(3) St. Pancras, which was requested to reduce the Secretary's salary by two instalments to the average salary paid at other Banks of similar size, in order to provide for depreciation in the value of the Bank's leasehold premises and for interest in arrear upon dormant deposit accounts.

It will be observed that all three cases occurred in London Banks.

TRUSTEE SAVINGS BANKS IN 1906–1907.

Number of Banks.

The last Parliamentary Return shows that there were 224 Banks on the 20th November 1906, of which 32 then made Special Investments, and two were authorised to do so, but did not commence until later.

No. of Depositors and Amount of Funds— General Departments.

The depositors numbered 1,759,228, and their deposits amounted to 53,009,299*l.* cash, and 2,369,868*l.* Government stock. Compared with the corresponding figures on the previous 20th November, these show increases of 28,897 in the number of depositors, of 285,863*l.* in the amount of cash, and of 51,620*l.* in the amount of Government stock held for depositors.

The invested funds on 20th November 1906 (including 504,675*l.* Separate Surplus Fund moneys), amounted to 53,353,449*l.*, besides which there were uninvested balances of cash at the Banks, or in the hands of their Treasurers, amounting to 365,755*l.*, and other assets (premises, furniture, &c.), estimated at 624,675*l.* Hence the amount of the total assets held by the Trustees was 54,343,879*l.*, besides the Government stock already referred to. The aggregate surplus of the Banks' assets over their liabilities amounted therefore to 1,334,580*l.*, subject to certain small outstanding expenses and other adjustments, not shown in the Return.*

Ditto— Special Investment Departments.

One Bank (Finsbury) applied during the year ended 20th November 1907 for our recommendation, under Section 6 of the Savings Banks Act, 1904, to be allowed by you to make Special Investments. This recommendation was given, and the Bank was subsequently authorised by you to commence this class of business, but has not yet made use of its powers. The 32 Banks making Special Investments on the 20th November 1906 had on that date in their Special Investment Departments (in addition to the figures quoted above) 51,116 accounts, with deposits amounting to 6,316,755*l.* cash and 110,707*l.* stock, the total assets held by the Trustees of the respective Banks on account of Special Investments being returned at 6,824,689*l.** The two Banks which began to make Special Investments after 20th November 1906 did so to the extent of 29,000*l.*, and taking the 34 Banks as a whole the business done again shows a substantial increase. The question of opening Special Investment Departments is under consideration at other Savings Banks possessing the qualifications necessary to satisfy the requirements of the Act, viz., a daily opening and deposits with the Government of not less than 200,000*l.*

* So far as can be ascertained up to the date of the presentation of this Report, the following are the figures for the 20th November 1907, viz. :—

	General Departments.	Special Investment Departments.
No. of depositors	1,779,200	56,450
	£	£
Amount of deposits (cash)	52,152,000	6,992,300
Do. (stock)	2,481,000	102,600
Invested funds	52,481,000	7,233,500
Cash in hand	402,000	227,000
Amount of other assets	638,000	58,985

Closed Banks. Early in 1907 the Trustees of the Banbury Savings Bank resolved to bring its operations to a close, which was accordingly done after giving a month's notice to depositors. Their balances on the 20th November 1906 amounted to 97,087*l.* cash and 6,667*l.* Government stock, and were raised by subsequent deposits, interest, &c., to 99,619*l.* cash and 7,387*l.* stock. In the process of closing, 77,572*l.* was paid to depositors in money and 22,047*l.* transferred to other Savings Banks, the stock being disposed of as to 632*l.* by sales, as to 3,650*l.* by transfers to other Savings Banks, and as to 3,100*l.* by transfers into the depositors' own names in the books of the Bank of England. The assets realised a surplus of 1,270*l.* after meeting all liabilities (including in those liabilities all the unclaimed deposits, amounting to 3,016*l.* cash and 280*l.* stock), and defraying all charges, and that sum was duly paid over to the Separate Surplus Fund in your hands, from which 600*l.* had previously been issued to meet claims of depositors pending the sale of the Bank's premises.

The Trustees of the Holywell Savings Bank also decided to close it on and after the 20th November last. The deposits amounted to 10,387*l.*, of which about 7,000*l.* was withdrawn in cash and about 3,000*l.* transferred to other Savings Banks, a small amount remaining on the account of the Separate Surplus Fund after discharging all liabilities and expenses.

The Trustees of another Bank proposed to close it in consequence of the resignation of the Actuary, but our Secretary attended a meeting at which they unanimously agreed to continue it. The management was reorganised, with a new staff of officers, and the Bank was opened daily to the public, instead of only once a week, with satisfactory results.

Amalgamation of Banks. In anticipation of an ultimate amalgamation of the St. Clement Danes and Bloomsbury Savings Banks, under Section 5 of the Savings Bank Act, 1904, a working arrangement was arrived at between the two Banks under which deposits amounting to 9,310*l.* cash and 1,504*l.* Government stock have been transferred to Bloomsbury during the past year with the assent of the depositors individually, 1,226*l.* being paid off in cash and 555*l.* transferred to other Banks, which left about 5,000*l.* to be dealt with on the 20th November 1907.

New Bank. The opening of another new Bank in Scotland has again to be recorded, your sanction and approval under Section 2 of the Trustee Savings Banks Act, 1863, having been given on the 22nd October last. It is established at Kilmarnock, and serves an important community, from which the movement may extend to other populous centres in Ayrshire, a county which has hitherto been without any Trustee Savings Bank. The other new Banks opened in Scotland in recent years are doing well, and the success of that at Hamilton has induced its Trustees and Managers to clear off the expenses of its establishment by personal subscriptions.

New Branch Banks. Several Banks have established branches during the past year, viz., the Bloomsbury Savings Bank at Shepherd's Bush, (the only one started in London in recent years), which was opened by our Chairman last January; Hull at Hessle; Manchester at Hightown (its 9th Branch); Reading at 377, Oxford Road, Reading; Swansea at Pontardawe, under the auspices of Mr. Frank W. Gilbertson, a Trustee, who defrayed all the initial charges and will pay the working expenses for 12 months; Chester and Wrexham at Rhos, near Wrexham, from which centre it will be worked; Hamilton at Burnbank; and Paisley at 45, Neilston Road, Paisley. The Chester and Wrexham Savings Bank also opened a Branch Agency at Holywell by arrangement with the Trustees of the Holywell Savings Bank, in order that the town might continue to have Trustee Savings Bank facilities, notwithstanding the closing of the latter Bank. The Agency is open daily, and the balance due to its depositors on the 20th November last amounted to 3061*l.*, of which 2962*l.* had been transferred from the late Holywell Savings Bank.

Number of Banks open on 20th November 1907. It will thus be seen that while the number of Banks open on 20th November 1907 shows a slight temporary reduction from 224 to 222, (omitting Kilmarnock, which did not commence business until after that date), there has been, nevertheless, owing to the opening of nine new Branch Banks, an extension of the Trustee Savings Bank system during the past year.

Penny Savings Banks.

The work of Penny Savings Banks in connection with Schools and otherwise continues to be fostered and encouraged with excellent results, and great praise is due to the Actuaries and other officers who devote much of their own time gratuitously and in this practical manner to the inculcation of habits of saving among young people.

Hours of business.

A method of increasing Savings Bank facilities, which is as useful as and less difficult than that of establishing Branches, and which is quite possible at several Banks where the business is still conducted under great and needless restrictions, is to abandon their intermittent hours of business and open the Banks daily. This has been done at four Banks since the 20th November 1906, while two have opened for more than six hours a week, which enables a quorum of two paid officers to act during the hours of business under Section 6 (2) of the Trustee Savings Banks Act, 1863. Valuable extensions of time have been given at seven Banks without their being as yet open daily, and recommendations to open daily have been made by us in 12 other cases, where, in our opinion, this step should be taken. As it is, instances are seen of paid officers, in receipt of remuneration ample to secure whole time services, being employed and of costly premises being used for comparatively few hours a week, instead of full time, resulting in wasteful and inefficient conduct and management.

VACATION OF OFFICE BY TRUSTEES.

Number of vacations of office by Trustees.

From the returns received from the Banks it appears that 63 Trustees vacated office on the 20th November 1907, through not attending meetings, or taking part in the duties imposed upon Trustees and Managers by Section 6 (2) of the Trustee Savings Banks Act, 1863, during the previous 12 months. Explanations were submitted to us in 19 cases, coming from 16 Banks. Eleven of these were accepted, and the Trustees in question were, therefore, enabled to be re-appointed without waiting for the completion of the period of disqualification (12 months) named in the Act. In this connection, a special reminder of the importance of Section 7 of the Savings Banks Act, 1891, was sent by us on the 1st October last to the Banks where the provisions of the Act appeared to have been overlooked.

GENERAL REMARKS.

The preliminary figures published on page 8 of this Report in anticipation of the usual Parliamentary Return prepared under your direction from the accounts rendered by the Banks for the year ended 20th November 1907, and now in process of examination, show that, even after crediting the year's interest due on that date, there has been a falling off in the amount of the funds of Trustee Savings Banks invested with the Government at $2\frac{3}{4}l.$ per cent., a rate which, after deducting management expenses, admits of $2\frac{1}{2}l.$ per cent. interest at most being allowed to depositors, which is the maximum rate permitted by Section 5 of the National Debt (Supplemental) Act, 1888. This decrease was only to be expected in view of the high rates of interest obtainable elsewhere during the year and still in force, but the transference of deposits into other channels of investment is, after all, not more than 1·6 per cent.

Special Investment Departments have, however, been a support to several large Banks in a period of dear money, for they not only retain the deposits in the Bank in one or the other department, but also tend to conserve the funds of the General Department in two ways, since, firstly, a depositor need not go outside the Bank for more remunerative investments; and, secondly, the opening of an account in the Special Investment Department, very often by the deposit of moneys received from some special source, such as a legacy, a sale of stock or chattels, compensation for injuries, and the like, requires the depositor to have an account in the other department to the extent of at least 50*l.*, under Section 10 (*a*) of the Savings Banks Act, 1891. This is usually construed as requiring him to retain 50*l.* in the one department, so long as any balance of special investments is due to him in the other. Indeed, appreciation of these facilities is attested by the fact that depositors have been known to transfer their accounts from one Trustee Savings Bank to a neighbouring one, with the sole object of making special investments.

The establishment of a Special Investment Department, however, imposes considerable obligations upon the management from which a Bank investing only with the Government is free; and in particular, care must be taken to see that depreciation in the value of securities is adequately provided for where it occurs, the liability to which is greatly minimised by placing the money out on mortgages of rates repayable by local authorities at par, which can usually be done with the reservation of power to the lender to call in the money on short notice.

The past year has been unmarked by new Savings Bank legislation, in the form either of Acts of Parliament or Statutory Regulations framed by the Treasury, but, under your powers to make regulations relative to the receipt of funds of certain societies by Savings Banks, under Section 32 of the Trustee Savings Bank Act, 1863, a concession has been made as regards the funds of Registered Trades Unions and their branches. Such funds may now, in cases approved by you, be accepted for deposit up to 250*l.* a year, and 1,000*l.* in all; a change which will, in our opinion, confer a benefit upon the Unions and the Banks.

We have again much pleasure in placing on record our high appreciation of the value of the services rendered by the Trustees and Managers of the Banks to the community by the discharge of their honorary duties and their devotion to the work of thrift throughout the Kingdom.

We have the honour to be,

My Lords and Gentlemen,

Your obedient Servants,

(Signed) ALBERT KAYE ROLLIT, Chairman.

THOMAS A. WELTON, Vice-Chairman.

EDWARD BRABROOK.

JOHN HEPPER.

H. B. ORCHARD.

W. MELMOTH WALTERS.

GEO. M. WOOD.

APPENDIX A. (*See* page 4.)

(*See* page 4.)

STATEMENT of the Receipts and Expenditure of the TRUSTEE SAVINGS BANKS INSPECTION COMMITTEE for the Year ended 20th November 1907.

RECEIPTS.

RECEIPTS.	£ s. d.	£ s. d.
Balance brought forward from last year	- - -	105 1 –
Advances by the National Debt Commissioners under Section 4 (1) of the Savings Banks Act, 1891, 54 & 55 Vict. c. 21.:		
December 1906	250 – –	
January 1907	150 – –	
February 1907	300 – –	
March 1907	500 – –	
April 1907	250 – –	
May 1907	500 – –	
June 1907	400 – –	
July 1907	450 – –	
August 1907	350 – –	
September 1907	350 – –	
October 1907	200 – –	
November 1907	650 – –	4,350 – –
	£	4,455 1 –

EXPENDITURE.

EXPENDITURE.	£ s. d.	£ s. d.
Fees and Salaries:		
Members of Committee	- - -	836 17 –
Secretary	- - -	600 – –
Clerk	- - -	104 6 8
Three Central Inspectors	- - -	975 – –
Five Local Inspectors	- - -	480 – –
Temporary Copyist	- - -	52 3 4
Office Attendant	- - -	40 14 2
		3,089 1 2
Travelling Expenses and Subsistence Allowances	- - -	907 11 9
Rent	- - -	300 – –
Printing and Stationery	- - -	22 10 9
Telephone	- - -	6 10 –
Incidental Expenses:		
Postage and Telegrams	15 5 3	
Fuel and Light	8 19 1	
Sundries	11 3 9	
		35 8 1
TOTAL Expenditure - - - £		4,361 1 9
Balance carried forward as an Advance in respect of the Year ending 20th November 1908		93 19 3
£		4,455 1 –

APPENDIX B.

STEPS taken by certain BANKS to prevent UNCLAIMED DEPOSIT ACCOUNTS from being Lost Sight of, or Tampered with. (*See* page 6.)

1. An "Unclaimed Deposits" ledger is in use, which contains dormant balances under 20*s*. and three accounts of over 200*l*. each. The accounts of three depositors, who have been lost sight of and whose pass-books are at the Bank, will be transferred to this ledger.

2. Dormant accounts are traced as far as possible.

3. Depositors who do not send their pass-books to the Bank for examination are circularised about every fourth year.

4. Certain dormant accounts are listed each year, and thus kept under observation. Some years ago the late Actuary made exhaustive inquiries into undisturbed accounts, and succeeded in tracing the owners of practically all of them.

5. Certain accounts are carried to a "Dormant" ledger, but the last transfer was in 1894.

6. Ledgers at the Head Office are examined periodically, and accounts which have been inactive for 15 to 20 years are transferred to a separate ledger, to which only the Actuary, Assistant Actuary, and Senior Clerk have access.

7. There is a "Seven Years" ledger in use, which has not been added to, however, since 1897, and it is open to any member of the staff.

8. Special precautions are taken before making a repayment from a pass-book not presented for seven consecutive years. The Actuary will probably arrange to transfer old unclaimed accounts to a separate ledger.

9. Thirty very old accounts were segregated in 1894, and when any of them are claimed the claims are passed by the Trustees and Managers before payment.

10. When a new ledger supersedes an old one, accounts unclaimed for (say) ten years are transferred to a dormant ledger. The question of advertising for owners of unclaimed accounts has been under consideration, but nothing has yet been done in this way.

11. A list of accounts undisturbed for 20 years and over was submitted at a meeting of Trustees and Managers on the 20th June 1900, the particulars being inscribed on the Minutes of that date.

12. In 1902 a list of undisturbed accounts of 15 years standing and upwards was published, with the understanding that about every five years a fresh list would be prepared on the same lines.

13. Old unclaimed dormant accounts have been segregated into a separate book, but also remain in the ledgers in their numerical order.

14. Accounts brought forward from the older of the two ledgers in use are kept distinct, in a separate section of the new ledger, dormant accounts under 1*l*. being carried to folios reserved for them at the end of the ledgers.

15. Only small accounts of "remains" are kept in a separate consolidated ledger. The Actuary states that a list of accounts unclaimed for upwards of ten years was drawn up some years ago and advertised.

16. A Dormant ledger is in use, to which certain accounts were transferred some years ago by the late Actuary, and the present Actuary contemplates fresh transfers of accounts to this ledger.

17. When a ledger is closed, accounts which have not been active for ten years are transferred to a separate ledger.

18. About every five years a list is made of accounts upon which no transaction has taken place for twenty years. The list is hung up in the Bank

Hall. Two years ago a large number were advertised in the local newspapers. Care is taken that the claimants are the right parties.

19. A list has been made of accounts inoperative for several years, and the parties entitled to them are being traced.

20. Accounts with small balances, on which there have been no transactions for five or seven years, are transferred to a "Sundry Small Balances" account at the end of each ledger, which accounts are transferred to a new ledger. Lists of unclaimed accounts have been compiled from time to time and owners traced, claims being received from the Colonies in some cases.

21. If an account has not been operated upon for about twenty years a notice is sent to the last-known address, and, if returned through the Dead Letter Office, the account is transferred to a special ledger, and no payment is allowed unless by minute of Committee of Management. Periodically those above (say) 15*l.* or 20*l.*, are advertised in local newspapers, but there are remarkably few outstanding, about 100, amounting to 7,000*l.* or so. Generally the estate of the depositor (if deceased) is required to be administered, and, if necessary, a reference is made to the Registrar of Friendly Societies, but all depends upon circumstances. During the year 1907, 38 claims, amounting to 1,581*l.*, 19*s.* 9*d.* were admitted.

22. Small balances are carried to dormant accounts when ledgers are transferred. Large amounts are advertised, and particulars, limited to names and addresses, with the year in which the last transaction took place (going back to 1837 in some cases), are printed in the Bank's Annual Reports.

23. When a ledger is transferred all accounts under 1*l.* having no transaction during the previous five years, are transferred to "Unclaimed Balances Account." A list of unclaimed accounts is exhibited in the Bank Office.

24. A separate "Unproduced Ledger" is kept, the accounts in which amounted to 3,014*l.* 13*s.* 10*d.* on 20th November 1906. The last transfers to this ledger were in 1885.

25. Unclaimed accounts are transferred at the end of each year to the "Septennial Ledger." Accounts in this ledger cannot be acted on without the permission of the Committee of Claims and the General Committee.

26. When a ledger is full, accounts not operated on for seven years, instead of being transferred to an "active" ledger are carried to the "dormant" ledger.

27. When a ledger is closed, accounts which have not been operated upon for eight years are listed, and their owners are requested to send in their pass-books.

A. C. LAKE

28 North Front Street
Memphis, Tenn.

CURRENCY REFORM THE PARAMOUNT ISSUE

The Only Way for the United States of America Ever to Attain Commercial Supremacy in the Markets of the World and on the High Seas.

Read carefully and pass along to another intelligent, thoughtful man.

This Circular, price 25 cents, is for brainy people—if you get one gratis it is a compliment to you.

We Need Less Money, or Why the Free Coinage of Gold Should Immediately Cease.

Memphis, Tenn., January 8, 1909.

Hon. William Jennings Bryan, Fairview, Lincoln, Nebraska:

Dear Sir—Although you have been the chief advocate of an inflated currency, I think you must admit we now have enough, and believing you have more influence in forming public opinion than any one man in the United States, I appeal to you to help stop the further watering of our monetary system. Inflation would be all right if it did not depreciate purchasing power.

Add 1 per cent and you depreciate purchasing power 1 per cent. Double our per capita circulation and you double prices. Double prices and you double the amount of money required for business, so there will be as much lack of money as before for business purposes. So what is the use? Double our currency and you rob the bloated bondholder of one-half, the thrifty savings bank depositors one-half and the poor widows and orphans of one-half of their life insurance. How many of these latter there are I do not know, but there must be millions of them. I see in the Philadelphia Saturday Evening Post of December 19, 1908, page 18, column 1, that there are in the United States 8,588,000 savings bank depositors, and that their deposits amount to $3,690,000,000. This is $300,000,000 or $400,000,000 more than all the money in the United States. Then there are the clerks with fixed salaries, with their dependents numbering millions more, who have been grievously wronged. For about ten years now all these people have been defrauded of their interest, labor and capital by reason of the purchasing power of their money shrinking up, caused by inflation. However, but few of them know it. How can we with $34.72 per capita, and still increasing, hope to continue to sell China with $2.00 and Japan with $4.15 per capita, and compete with other countries with a smaller per capita than ours, and consequently lower wages (but higher purchasing power), and prices than ours, for the world's trade and the ocean's shipping, the latter of which we lost years ago by our high wages and prices? Japan is driving our few merchant vessels from the Pacific. Her ships are big paying propositions, while ours are losers. Last year we sold her $3,100,000 of cereals and bought of her $15,000,000 of rice and $9,000,000 of beans, things our own farmers ought to raise. This, of course, gives her more purchasing power to buy, **in cheaper markets than ours, and to establish cotton factories and other home industries.** Many more factories can be built there than here with this money. Even our peanut growers are asking (December 17, 1908) for a protective tariff of two cents a pound. How long will it be before our corn and wheat will need a tariff for protection against the miscalled "pauper" labor of the world? They, maybe, get as many comforts with their lower high purchasing power wages as do our working classes with their higher low purchasing power wages. I see in the Memphis Commercial Appeal of December 26, 1908, page 14 and column 5, that our reaper trust is going to establish factories in France and Germany. Query: How long will it be before our cotton factories will be forced to move to China, Japan and other countries where money is scarcer and consequently worth more than here, and the cost of living and wages is less? In Japan money is worth, I think, about ten times, and in China about twenty times as much as here. When all our trade is gone what use will our "improvements" be? We will have killed the goose that laid the golden egg, and the income from our boom "improvements" won't be enough to keep them in usable repair. We are bottling ourselves up with our high prices, caused by inflated currency. The free, unlimited coinage of silver at 16 to 1, regardless of any other nation, could not possibly have done us any more harm. It would have immediately demonetized gold and made money so scarce that a silver dollar would have bought as much as a gold dollar had been buying, and one gold dollar might have been worth as much as two silver dollars, so that the gold bugs would have been greatly benefited, and the free silverites injured by free silver, except the silver mine owners. Looking back, it is plain to my mind that each was fighting tooth and nail to keep from getting the very thing they each ardently wanted. Neither knew how to get it. I, today, would vote for the free coinage of our own silver to remedy the danger threatening us, because of the plethora of money (dollars made out of almost nothing). Inflation will wonderfully stimulate our "prosperity" temporarily. It will promote all kinds of wasteful, useless "improvements" and foolish extravagances and over-speculation and over-production, stock gambling and wildcat schemes generally, that are bound to bring about a disastrous reaction. We may for a while have a grand and glorious time with our easy money, like the young spendthrift just come into his patrimony. But payday is coming, and if inflation is not stopped, I think we will have a financial earthquake sure enough, beside which the brought-on-by-too-much-easy-money panic of 1907, will be as nothing. The amusing feature of the situation is that the common people have not caught on even yet, and think that it is our wonderful, robbing Peter to pay Paul "prosperity,' the trusts and the tariff, that are causing high prices, and do not know it is watered currency. They say things are worth more now. It never strikes them that things are worth exactly the same, and that it is really the money that is worth less.

Few even of the bondholders realize they are being robbed. Every issue of "good" bonds is quickly sold at a premium. There seems to be a mania sweeping over the country for issuing and selling bonds. The big thieves appear to think it is a good thing to get the money now while our dollars are still worth 65 cents in purchasing power, as compared to the dollar of 1896, and invest in "improvements" and pay the bonds off twenty, thirty or forty years hence in dollars that may not be worth 25 per cent of their present purchasing power. But as rascality often overreaches itself, they may find there is some factor in the calculation they overlooked. In 1896 the Bryanites were clamoring for higher prices and more money to raise them. In 1908 they wanted lower prices and less tariff to lower them. In 1896 the Republicans told them there was money enough, and that business was done mostly with checks anyway, which is true. But now it is the Republicans that are deluging us with cheap money. They have increased the circulation about 52 per cent. in 13 years, so that we have already got about 65 cents in purchasing power dollars as compared to 1896. Gold being the international legal tender fiat money, has a fictitious value far above its intrinsic worth. It is getting so plentiful and so cheap to get that its **free coinage** ought to be stopped. This I say notwithstanding I have four (4) gold mining claims, about 80 acres in Arizona, that would be utterly worthless if it is stopped; or, if the free coinage of gold is not stopped, as fast as it is coined greenbacks and national bank notes should be retired from circulation. Money is not wealth. It is simply

the counters with which we exchange wealth. We ought to have a fixed per capita circulation, so that when a man lends his money he can get back exactly what he lends, plus legitimate interest. No more, no less. And when a man borrows, he can pay back the exact amount in purchasing power borrowed, not one cent more nor less, except a fair interest. Put the per capita circulation on a sliding scale, moving it up or down, and you are robbing one class for the benefit of the other, **which is unconstitutional.** We might, if our per capita circulation were not already too high, stand one-fourth to one-half per cent. increase each year in our currency. But the increase of about 8½ per cent., about $3.00 per capita, last year, is just simply an outrage on the lender. It wiped out his 6 per cent. interest and impaired his principal 2½ per cent. And then there is that iniquitous $500,000,000 Aldrich emergency, elastic currency monstrosity bill. The wrong is so flagrant it certainly can not go much further. Even the dullest intellect will be forced to see the point. According to Frank G. Carpenter, they are digging gold in South Africa at the rate of four dollars ($4.00) per second, with 50 cents a day labor, and they propose to bring electricity six hundred miles on an **aluminum** cable from the Victoria Falls on the Zambesi river, to install electric lights and power for working the mines. He says also that the steamer Saxon, on which he came from Capetown to England, had on board $5,000,000 of diamonds and $25,000,000 of gold. If Great Britain has free coinage she may swamp herself with an overproduction of money and consequent high prices before we do, although her per capita (less than $25, I think) circulation is at present far below ours. However, it is presumable she will be too smart for that, and will keep the most of her gold in bullion.

Our newspapers are in the habit of boasting of our increased prosperity, and to prove it cite statistics showing our bank deposits and commerce increased as shown in dollars. This is not a fair index to the increase in the **volume** of business, for, as we have about 52 per cent more money and 52 per cent higher prices, statistics showing that we have 52 per cent more bank deposits and 52 per cent more business **as expressed in dollars,** do not prove that the **volume of business** has increased. It merely proves that the value of money has depreciated, so that it requires more money than we ought to have to compete on equal terms with England and other countries for the commerce and shipping business of the world.

To further expand our circulation is a clear case of trying to make something out of nothing. It is as absurd as trying to raise ourselves by pulling on our boot straps, or seeking to invent perpetual motion. I might say more along this line, but I doubt if a multiplication of words could make my position any plainer or stronger. If I am wrong, either in my premises or argument, I would like to be set right.

Very respectfully, A. C. LAKE,
A Confederate Veteran Who Voted for You.

P. S.—We cannot have quantity and quality both. The much harped on so-called "crime of 1873" did not decrease the amount of money in existence. Therefore it did not wrong the debtor class. But the tremendous increase of money in the last thirteen years has greatly wronged the classes above mentioned.

Tne average per capita of money in the world is about $10.00.

We now have the $1.00 per bushel wheat your adherents in 1896 said they wanted.

If we could make the people see, as I do, that by discontinuing the free coinage of gold and resuming the free coinage of our own silver at 16 to 1, the present value, i. e., purchasing power, of our silver dollars would not be decreased, and the value of our gold dollars would be, perhaps, doubled, I think they would all vote for a resumption of the free coinage of our own silver. **Our thus demonetized gold would offset England's bullion gold, and she has no silver to offset ours, except, perhaps, some in Canada.** So we would

beat all competition in the world's markets for manufactured goods, as well as for farm products.

We would need no protective tariff then. We would need no ship subsidy then. We certainly do need a prohibitive duty on all foreign silver and uncoined gold.

RANDOM BEFORE AND AFTER THOUGHTS.

In 1912 the Republicans ought to stand for a discontinuance of the **free coinage** of gold. In 1912 the Democrats ought to stand for a discontinuance of the **free coinage** of gold and a resumption of the free coinage of **our own silver** at 16 to 1. As it takes 16 times as much silver to make a silver dollar as it does of gold to make a gold dollar, I don't think we could inflate our currency so rapidly with **our own silver** as with gold. Especially as China and India would become again as of yore, the graveyards of our surplus silver. These countries, notably India, make it up into ornaments. But if we should find we are getting too much silver money we could stop its free coinage. I don't see how else we can reduce our undesirable burden of money without working wreck and ruin to millions of people. As soon as we threatened to come to a silver standard foreign holders of not payable in gold bonds would rush them over here and sell them and withdraw this surplus gold out of the country. Of course, there would be a terrible cataclysm, the effects of which might be felt for several years; but the ultimate result would be so beneficial as to counterbalance the temporary hardship. The market value now of the silver in a silver dollar is 30 to 40 cents. I don't think the gold in a gold dollar would sell for that much if its **free coinage** were stopped. It is hard to make some people understand that there is not a dollar's worth of gold in a gold dollar, and that it is the government stamp on it with the law behind it that makes it a dollar. Assuming, for example, that there may be only 5 cents worth of gold in a gold dollar and that the government stamp on it with the law behind it adds 95 cents to its value, making it one dollar, why should not **we,** the government, get this 95 cents instead of giving it to **us,** the gold mine owners, as heretofore? This **bunko** game should have stopped when our per capita got to a parity with England's $18.00. In 1871 Germany exacted of France as war indemnity 5,000,000,000 francs at 19.3 cents—$965,000,000 gold. Of this amount 120,000,000 marks at 23.8 cents—$28,560,000—are supposed to be in the German war chest in the Julius tower in the fortress of Spaudan, a western suburb of Berlin. The bulk of this $965,000,000 gold was used in paying off the cost of the war, etc. The great plethora of money resulted in wild speculation. Stock companies for all sorts of enterprises sprung up like mushrooms. The consequence was a great financial crisis in 1873 which lasted till 1876. I read 25 or 30 years ago that Germany was injured more by getting this money than France was by losing it. I think likely that it was in this way that she, unfortunately for herself, got her per capita of money up to $21.00, which is $3.00 above England's $18.00. And that her prices and cost of living have thereby been so increased as to seriously handicap her ever since in competing with England for commercial supremacy in the markets of the world and on the high seas. Life insurance companies, savings banks and institutions with endowment funds invested in "good gilt-edge bonds," so called, should wire President Taft now and send strong delegations soon vehemently protesting against this senseless, suicidal inflation foolishness. The danger is imminent. Verbum sat sapienti. A hint to the wise is valuable. The currency has been inflated 4 per cent per annum for 13 years, making 52 per cent. And has depreciated in purchasing power 4 per cent per annum for 13 years, making 52 per cent. So that the entire interest on these "good, gilt-edge bonds" has been wiped out during the last 13 years. Superficial people, especially in Wall street, have not got penetration enough to know that the value of gold dollars can depreciate. They think they are the fixed standard of value, whereas their value fluctuates exactly in the same proportion or ratio as their number is increased or decreased. These

people think it is an indication of prosperity when prices go up, when really it is because money, by reason of inflation, is losing its purchasing power value, so that it takes more of the debased **stuff** to buy things that makes prices **go up.** We Americans have been reveling in a fool's paradise, thinking that money is wealth and that there is a dollar's worth of gold in a gold dollar, overlooking the fact that even our gold dollars are only "chips" to do business with, and that the more "chips" there are the less they are worth, and that the unlimited **free coinage** of gold, continued indefinitely, might ultimately result in so weakening the purchasing power of our gold standard dollars that it might take $100 in gold to buy an ordinary breakfast. Spain owed her rise to silver, her fall to too much silver. We may owe our downfall to too much gold if **we don't watch out!** Spain first lost her world trade to the Hanseatic League; later, to England. Low-high purchasing power wages with low cost of living vs. high-low purchasing power wages with high cost of living **did** Spain and may **do us,** i. e., United States. It is not China and Japan that are the yellow peril so much as yellow gold coin. Rascality often overreaches itself. Did not England overreach herself taking the Boers' gold mines, and may they not prove her financial and commercial ruin if she is not careful? I see in a newspaper dated March 12, 1909, that the production of these gold mines for the last twelve months, as officially reported by the mine owners, is $149,788.950.00, an increase of 9 1-2 per cent. over previous twelve months. This is digging gold at the rate of about $4.75 per second for every second of 365 days of 24 hours each. Great Britain is certainly too shrewd to coin all of this "old junk" gold into money and put it into circulation. In fact, if she could only be assured that we would be fools enough to coin it into money and put it into circulation here, it would be a master stroke of statecraft on her part to make us a present of enough of it to raise our prices so high as to eliminate us for a long period of time from the world's markets and the high seas. Did not we overreach ourselves taking Panama from Colombia if the bottom of the canal should drop out and it prove a failure? Did not we overreach ourselves taking the Philippines, overlooking the Japanese factor in the calculation and had we not better be **generous** and give them their independence and let Japan **protect** them? Japan, with her only $4.15 per capita of money and consequent low-high purchasing power wages and low prices can buy our cotton, manufacture it into goods and sell them cheaper than we can. Memphis Commercial Appeal, April 22, 1909, page 1, column 3, says they (the Philippines) are costing us $100,000.000 annually. What benefit are any of our Spanish possessions, anyway? If all of the nations of the earth had the same per capita of money, there would be a great uniformity of prices throughout the world, and there would be but little need for protective tariff. Sly old Mother England, with her only $18.00 per capita of money, can afford to have practically free trade, but we, with about twice that much and still increasing, are forced to continue to raise our tariff walls. Little Switzerland, with only $17.00 per capita of money, is thus enabled to buy our cotton, manufacture it into goods and ship about $10,000,000 worth of them back to us every year, in spite of our high tariff wall. If it were not for the fact that all our laboring people would suffer greatly for the lack of work in the meantime, it would be a good thing if we could have free trade and buy all of our necessities abroad, so as to get rid of our glut of gold money. We might then have the full dinner pail again, for we could then produce things at purchasable prices for foreign nations, with less money than we have. Recently I saw it stated that the Salt Lake Review had said: "Gold is always stable. An ounce of gold is worth the same today as it was ten years ago." This editor maybe did **really** believe what he said. He seemingly assumes that it is the gold in the gold dollar that gives it value, while I assume that gold per se is of but little value, and that the government stamp on it, with the law behind it, imparts the value.

Anyway, they have both combined into one, because of inflation, lost one-third of their purchasing power value in 13 years. This question as to whether the gold or the stamp gives the value is another form of the old enigma as to whether the hen or the egg came first. The money mills ought to stop till the population can overtake the oversupply of money. Gold mine owners will protest that there is 90 cents worth of gold in a gold dollar and 10 per cent. alloy. Very well, gentlemen, we are delighted to hear you say so. Go sell it for 90 cents. In refusing to be injured any further by you, we are glad to know we are not injuring you. There is already plenty of gold money in the world for all practical purposes for many years to come, and we here in these United States already have more than is good for us. The government can, if we need it, make about as good money for home use out of paper, making it irredeemable legal tender fiat money. If a limit were put to this paper money it would be infinitely more sane and sound than this unlimited **free coinage** of gold insanity. This paper money would not be a legal tender international fiat money, and would not disturb our foreign trade as does gold. Here below is an illustration of the higher prices for farm products that the Bryanites clamored for in 1896. Recently we have been importing large quantities of potatoes from Great Britain and Germany, and paying 25 cents per bushel tariff on them. The reason we can do this is that Germany, having only about 60 per cent. as much money per capita as we have, her prices are about 60 per cent. of ours, and Great Britain, having only about one-half as much money per capita as we, her prices are only about one-half ours, and that is why she is mistress of the seas, and the American flag on the ocean is a rarity. Recently a representative of the Mitsuis was in our city. He deprecated war between us and Japan. Of course, the Mitsuis, the merchant princes of Japan, do not want any war with us, their most profitable customers, for as $1.00 will buy about as much in Japan as $10.00 will here, the cost of production there is infinitesimal as compared to here. They must make several hundred per cent. profit on every thing they sell us. They are shrewd enough to pile on all the price the traffic will bear, and I suspect they grade their prices to fit the per capita of money of the different nations. They on the Pacific charge full American freight rates when they can get them. But when they have to bid for freight they always get it, as their expenses, on account of their low per capita of money, are so small that they can down all competition. Japan, with her low per capita of money and consequent low prices, is apt to absorb all the trade of the Pacific. With her only $4.15 vs. our $34.72, we stand no more chance in the battle with her for commercial supremacy than does an army with old, obsolete muzzle loaders against an army with up-to-date automatic rapid-fire machine guns. **"It is to the interest of every nation to have as low a per capita of money as possible."** When I knew less than I do now, I thought the nations that had low per capitas of money had them because they were poor. But I know now they have them because it is the best national policy. The financiers of these older nations must chuckle at our crass ignorance in inflating our currency. Years ago, reading that a woman in China got only 5 cents a day for work, and thinking how little 5 cents would buy in this country, it seemed awful. But since I know this 5 cents in China would buy as much as $1.00 here, I see she was getting fully as much if not more than the majority of our "sales ladies." A few days ago I read an article by Frederic J. Haskin on Oriental rugs, wherein he said boys in India get 5 cents a day making these rugs. What nice profits these Syrian rug peddlers must make, even if they buy the rugs in Turkey, where the per capita is $4.00, and the boys must get about 10 cents a day for making them. These two wages of India and China show the correctness of my assertion that the per capita of money governs prices. For India and China both have the same per capitas, $2.00. This low per capita of money for India is the reason we are

now wrapping our cotton bales with comparatively rotten India jute instead of as formerly with the much superior Kentucky and Missouri hemp bagging. Our hemp industry has been ruined by our high prices, and our cotton and every other industry will be ruined if we don't stop inflating our prices by inflating our currency. The negroes in Africa are learning how to work and will make the cotton, and the linen industry will be stimulated in Europe and wool growing in Australia and elsewhere. And foodstuffs will be produced more in other countries. The following are the approximate per capitas of money of the different nations as given under Money in the Encyclopedia Americana, published in 1903 in Chicago and New York:

China	$ 2.00	Denmark	$11.50
Cuba	2.00	Canada	12.00
Bulgaria	2.00	Greece	13.50
India	2.00	Switzerland	17.00
Servia	3.00	Cape Colony	18.00
Japan	3.00	Great Britain	18.00
Turkey	4.00	Germany	21.00
Roumania	4.00	Belgium	22.50
Egypt	4.00	Spain	23.00
Finland	5.00	Portugal	23.50
Mexico	6.00	Australia	25.00
Russia	6.00	Netherlands	25.00
Hayti	7.50	S. Africa Repub.	28.00
Austria-Hung'y	8.00	U. S. $28, now	35.00
Norway	9.00	South America	31.00
Central America	10.00	Siam	34.00
Italy	10.50	France	38.00
Sweden	11.00	Straits Set'ments	48.00

Average per capita of money in the world, about $8.90.

Looking at this list, we see that Mexico and Russia each have $6.00 per capita. Therefore, their wages and cost of living ought to be about one-sixth as much as ours. And are they not? Have we not all heard of the 25 cents per day, so-called pauper labor of the peons and serfs? This 25 cents per day is worth as much to them as $1.50 to our common laborers, for other things are likewise in proportion. France, I think, has heretofore prospered in spite of her high per capita of money because her people are much given to hoarding, i. e., practically burying their money. But even she has begun to have her troubles, for on April 10, 1909, there was a button workers' strike at Meru because their wages had been cut 30 per cent. to compete with Japanese pearl buttons. I have recently been reading some very interesting letters from Japan by Frank G. Carpenter. With all his traveling and natural astuteness, it seems never to have occurred to him what relation the prices of a country have to the per capita of money of that country. Farm laborers in Japan get 16 cents a day without board for men and 10 cents women, working from sunrise to sunset. He says there are 4,000 new factories there. The cotton factories are running night and day, making from 12 per cent. to 50 per cent. annual dividends. The men operatives get 30 cents, the women 21 cents and the children 6 cents for 10 hours' work. The men get good meals, consisting of rice, fish and vegetables for 2 1-2 cents each —7 1-2 cents per diem. The ship building yards and navigation companies are making about 12 per cent. per annum dividends, the banks and stock companies 8 per cent. to 12 per cent., and more; the savings banks pay the depositors 4.8 per cent. interest, compounded semi-annually. Oh! if we only had as small a per capita of money as Japan, how we would prosper. We could be humanitarians and profit at the same time, and put cotton shirts on the backs of all the poor people of the world without skinning 'em alive with our outrageous prices. As it is, we are a nation of selfish, greedy, cormorant robbers, piling up money that spoils (i. e., loses purchasing power), on our hands as did the manna (Exodus xvi.) of the Israelites in the Wilderness, when they got greedy and gathered more than they needed for their immediate wants. I am told that the Standard Oil Company is building a railroad from La Paz, Bolivia, to a solid mountain of low grade, easily worked, free-milling ore. Are we to free coin this gold mountain into money for them and thereby

further weaken the purchasing power of our money, so as to make prices go sky high and thereby rob all of our thrifty people of their savings, accumulated by years of toil and sweat and self-denial? Also, there are said to be immense, inexhaustible amounts of gold in Alaska. Why not have the free coinage of aluminum and be done with it? This aluminum money would not so disastrously affect our foreign commercial relations as does the free coinage of gold with the present international agreement making gold a legal tender fiat money. The low per capita of money in Cuba, with consequent low prices there, is, I think, the reason they can raise sugar so much cheaper there than here. Then there is that cheap Philippine sugar coming in to ruin our own cane and beet sugar industries. Joseph French Johnson, professor of political economy at the University of New York, who has published a book, "Money and Currency," says: "It took $3,-623.00 last year to pay for the necessaries of living that could be bought for $2,500.00 in 1897. Sixty-nine cents ten years ago had the buying power of the dollar of today." So he, figuring on the cost of commodities and I figuring on the increase in the currency, have reached the same conclusion. His estimate of 69 cents is for ten years, while my estimate of about 65 cents is for thirteen years. And each proves the correctness of the other. Thus we see that my assertion that **add one per cent. to the currency and you depreciate its purchasing power one per cent.; double the currency and you cut its purchasing power one-half, is a condition and not a theory.** And this evil ought to be remedied at once by stopping the further **free coinage** of gold. For years past people who have been putting their hard-earned savings into life insurance policies, good gilt edge bonds and savings banks, have thought themselves almost as safe as if they had put their faith on the Rock of Ages. But they have been building their houses on the shifting sands. They have been putting their watered money into a leaking barrel. As fast as they poured in at the top it has run out at the bottom. I dated my open letter to the Hon. Wm. J. Bryan January 8, because it was January 8, 1815, that we, mostly Kentuckians and Tennesseans, whipped the British at New Orleans. And my plan for currency reform is the way I think we can commercially whip them and all nations. Since writing the foregoing I find, page 675 of the April, 1909, Nineteenth Century Magazine, an able article by Moreton Frewen, an Englishman, entitled, "The New Era in Economic History," which ought to be a Democratic campaign circular in 1912, unless the Republicans are smart enough to beat them to it. He says that owing to the demonetizing of silver by the civilized countries the price of silver has fallen so low that the 800,000,000 of people, about one-half of the world, who use silver as their money, are unable to buy the gold exchange with which to buy English goods and that factories are springing up in India that are not only supplying the Indian trade, but are shipping goods to China, and he suggests that the Chinese open door is more likely to swing outward than inward. I think this is the reason they are now having such hard times in England. I suspect also that these factories are being promoted by English capital, just as I suggested in my letter to Mr. Bryan our factories would have to move to China, Japan and other countries, where money is worth more than here. It took me 60 years of life experience and three years of special observation, reflection and putting facts together, to gain the knowledge to write the foregoing article. It is entirely original with me, as I have never read any works on political economy, but I think it is good, common sense and essentially correct. It is as plain, to my mind, as that two plus two equal four. A. C. LAKE,

No. 28 North Front Street, Memphis, Tenn.

The originator of the stop the free coinage of gold idea.

The salary of Gen. Oyama, the Japanese commander-in-chief, is only $3,000.00 a year, but when we consider its purchasing power in Japan, that is an immense sum.

Memphis, Tenn., May 3, 1909.

THE CURRENCY QUESTION

Paper Read at Meeting of New Jersey Bankers Association at Atlantic City, April 24, 1908, by Robert D. Kent of Passaic, N. J.

April 24th, 1908.

By way of introduction to my topic, I would say that the paper which I will read was written three or four years ago, and while it has not been published copies of it have been sent to various persons who have been interested in the currency question. Among them were Mr. Jacob H. Schiff and Mr. John Claflin, as chairman of the Committee on Currency of the New York Chamber of Commerce, and Congressman Burton, of Ohio, of the Committee of Banking and Currency, and to President Roosevelt. The idea of the incorporation of associations of banks, of which I will speak, is a prominent feature of the measure recently introduced by Congressman Vreeland. Whether my paper started the thought on this line or not I cannot say, but it is not improbable. Since writing the paper I have given considerable thought to the Central Bank idea, and prefer that solution of the question, provided it can be arranged that the bank will be kept clear of politics on the one hand and from being dominated by Wall Street interests on the other. If we have not been sufficiently educated on the question to at this time establish such a bank, the plan I have outlined is, I am convinced, one that would be sufficient, safe and sound. In one or two places, I have added something to bear on features of the question that are now receiving attention.

The writer during a general banking experience extending over thirty years, both in large cities and in towns of moderate size, has paid considerable attention to the circulation of currency, and has noted the different action in legal tenders and National Bank notes, both when currency was in good demand and when the supply was too abundant.

In the latter condition, National Bank notes were more carefully sorted from the legal tenders and more actively paid out over bank counters, and when redeemed and sent by the Treasury Department to the issuing Bank, the latter would in two or three days have them paid out and so again put in circulation. Under these circumstances a bank might in a given time receive for redemption two or three times as much of its own currency as when currency was scarcer, but to only a very limited extent would the banks retire any portion of their circulation. In other words, there was, as is well known, no elasticity.

In framing laws on the subject, due allowance should be made for the ability of the country to absorb and keep floating an enormous amount of currency that may not be the best grade (such best grade consisting of coin and legal tender). This feature, as a rule, does not seem to receive the attention which its importance demands. For the purposes of this paper, I will designate the less desirable currency as second grade; it consists of National Bank notes, and fractional silver coin, and once for a period of a few years in many parts of the country consisted also of trade dollars.

One way in which this second grade currency can be put in circulation by millions of dollars every week is by the Banks in passing it out over their counters in the shape of pay rolls. A manufacturer with a large number of employes will be under obligation to his bank for accommodation, or he will be a director or stockholder in the bank. He never objects to the kind of currency given; in fact, seldom personally sees or thinks of it. The employes do not object so long as it will be accepted for rent, food, clothing, etc. Those so receiving it will not object if the banks will accept it on deposit, as of course they will when it can almost at once be again paid over the counter.

The bank tellers are continually sorting the currency received, and the first grade is paid out only when the supply of second grade is exhausted; the better quality being kept for reserve and Clearing House balances, such as is used for this purpose only moving from one bank to another.

I do not think it is generally known to what an extent the less desirable class of currency is forced out of the banks and into the hands of the public. To illustrate I will cite the experience of one bank in a small manufacturing city. With a capital of $100,000, and a deposit line of $850,000, the weekly payments over its counter for pay roll, etc., will average over $75,000, or a total for the year of nearly $4,000,000.

An able editorial in the New York Times entitled "Harvest Money," on July 23, 1903, gave an excellent account of the use and circulation of currency in agricultural communities. The enormous amount of currency so used will consist almost exclusively of second grade.

The wages paid by railroads and mining companies also absorb and keep in circulation an exceedingly large amount of such currency.

I have dwelt somewhat at length on this feature of the subject in order to make the point that there is small inducement to bring about contraction of the currency by the Banks when so many of them have such good facilities for working off that which is second grade, including, of course, the comparatively small amount of their own issue which may have been redeemed and returned to them.

Each Bank, while admitting that the supply of currency is excessive, will leave the others to attend to the retirement, and will keep its own expanded to the limit if there appears to be a margin of profit by so doing. What is every bank's business becomes to a large extent no bank's business.

I do not see how contraction can be obtained except by inducement or compulsion applied to individual banks.

In my judgment there are three ways by which contraction can be brought about. First, by having an issue by the banks that is not secured. The element of risk in holding this class of notes would lead to their early presentation for redemption. The objection to this class of currency is that it is only adapted to local uses, and a person needing to use it away from points of issue would find an unwillingness to receive an unsecured note of a distant, and to the person to whom it was tendered, an unknown bank. After over forty years of experience with the security of National Bank notes, it is questionable if the country will look with favor upon an unsecured issue. The second way of securing contraction is by an issue of notes which could be restricted in the uses to which they could be put. This is, and has been, the case with National Bank notes, to the extent of not being legal tender or reserve for banks, and not as a rule being accepted for Clearing House balances. These disadvantages have not proved enough, however, to insure contraction. Some further restrictions might be devised which would increase the tendency to contraction. The third method is to issue an emergency or special currency with a graded tax. This last has many advocates, and is, in my judgment, the best suited to meet the needs of the country.

Congressman Fowler estimates, I believe, that there is in the country, outside of the Treasury and Banking Institutions, reserve money of about 1250 millions of dollars. If my contention is correct this would largely be collected in by the Banks and its place supplied by asset currency, if such were issued in sufficient quantity and it was good enough to carry in our pockets without risk. Asset currency, if entirely safe to hold, would not, as Mr. Fowler states, be redeemed as checks now are. A sponge will hold a certain quantity of water without allowing any of it to escape. So the country will hold an immense sum of money without decreasing its total volume by redemption. Replacing the Reserve money in the hands of the people with asset currency and transferring the Reserve money to the Banks will therefore be a method of causing immense inflation.

I would suggest that the issue of currency be of two kinds—ordinary and emergency, or special, if that term is preferred, the latter to consist of two classes, A and B, class "A" to be taxed at three per cent. and class "B" at five per cent. In times of usual business the ordinary kind only to be in circulation. When special demand arose in the country class "A" would be put in circulation. In the event of an extraordinary demand class "B" would be resorted to. The high tax on the latter and the bad effect on the credit of the bank if general conditions did not justify the issue would keep the banks from resorting to class "B" except on extraordinary occasions, and when issued would cause its retirement at the earliest possible date. Such banks as might be disposed to disregard the tax rate on classes "A" and "B" could not afford to disregard the effect on their depositors if they would resort to the emergency issues when the general conditions did not warrant it.

The general outline of the plan of securing the currency to which I have alluded is as follows:

I would have banks in one locality unite and form an association duly provided for by law for the purpose of allowing the several members of the association to issue circulation to an agreed percentage of their capital upon the deposit with the association of such collateral of a specified kind as may be satisfactory to it, and for a certain percentage of value in excess of the proposed circulation. General regulation of laws to specify the character of the security and the percentage of issue against it. The banks comprising the association to proportionately guarantee the payment of the total issue of its members. In the States with large population and consequently large banking capital there might be as many as ten or fifteen associations, each composed of the banks of one locality or section of the State. In the sparsely settled States there might be only one or two associations. No association should be formed by banks whose aggregate capital is less than, say, $5,000,000. In addition to the security as already provided for, a percentage of the tax paid the government or a special tax for the purpose should be collected to provide a guarantee fund which might be built up until it was five per cent. of the total issue of notes.

The security to holders of notes would be first the obligation of the bank of issue; second, that of the assets pledged to the association; third, the underwriting by the association; and fourth, the possession of the guarantee fund by the government.

In an association of banks representing capital amounting to at least $5,000,000, a conservative spirit would prevail as to the character of the assets accepted to secure the circulation. Particularly so as a failure of the security to suffice for the payment of the notes would make its members liable to an assessment to make up the deficiency.

The plan outlined above, I believe, will provide a convenient, safe and elastic currency which would at all times meet the varying demand.

This system of securing circulation is somewhat similar to that adopted by the Clearing Houses in New York and other large cities when through the pressure of financial disturbance the issue of Clearing House Certificates has been resorted to; in fact, the issue of such certificates has been practically the issue of a secured emergency currency but without any provision of law.

Please note that Clearing House Certificates have, in practice, always been quickly retired when the necessity which called them forth is past. This has been caused by the full interest (equivalent to a tax) which has been charged on them, and also because of the discredit that would attend their further use.

In submitting this outline of a financial measure, it is not my place to designate the exact kind of security to be required, but we have Bills Receivable, State and Municipal Bonds, and high grade Railroad Bonds to select from. The law should designate the class of securities, and possibly the proportion of each kind that might be used.

Within the limits of lawful classification the different associations could pass upon the particular securities that would be accepted by them. As each association would be well posted on its own locality, wise and conservative selections could, and I have no doubt would, be made, as a failure in this direction would make the several banks in the association liable to an assessment to cover losses.

Note.—After reading the paper the President of a Philadelphia National Bank made the criticism that it did not seem advisable that there should be two classes of emergency or special issue, and that the one issue should be taxed high enough to cause it to be resorted to only when it was urgently demanded and retired when the emergency which caused its issue had passed. This gives me occasion to say that each Fall there would probably be a legitimate demand for from one to two hundred millions of dollars, extra currency to move the crops, and that three per cent. would seem to be a reasonable rate of tax on such issue. It might, however, be wise to increase the rate to five per cent. in the event that it was not retired within four months from date of issue.

Chicago, April 1, 1908.

At a meeting of the representatives of the National Banks doing business in the City of Chicago, held this day, the following resolutions were unanimously adopted:

WHEREAS, The Aldrich Bill as it has passed the Senate contains provisions, adopted in the last hours of its consideration by that body, which are revolutionary in their effect upon national banks, and seriously curtail their ability to extend accommodations to the business public, it appears to us not only proper for bankers to call attention to the facts, but their duty to do so; and

WHEREAS, The Aldrich Bill changes the legal reserve requirements of the national banking act which have stood for forty years, so that nearly $200,000,000 of lawful money, or about one-sixth of the lawful money holdings of the national banks, must be withdrawn from loanable use and locked up in vaults or invested in certain specified bonds: therefore

BE IT RESOLVED: I. That the transfer of this money from the liquid reserves of the banks, where it is available for loans, to an idle fund, which the banks are forbidden under any circumstances to encroach upon, will seriously impair the working capital of the country. It is not merely a transfer of money from reserve cities to other localities, but a definite withdrawal of money from use as a basis of bank credits. The total lawful money holdings of all the national banks on December 3, 1907, according to the statements of that date to the Comptroller of the Currency, was $1,045,795,019, on the basis of which the banks had outstanding loans of $4,585,337,094. If the available cash in their vaults at that time had been reduced as proposed by the Aldrich Bill, the banks would have been obliged to contract their loans by approximately $1,000,000,000. We submit that such a reduction in the loaning power of the banks concerns the business community quite as much as it does the banks. It means restricted accommodations to the business men, higher interest rates upon commercial loans, and a permanent burden upon the country in the form of returns upon idle capital, the system of reserves in this country being already more costly than that of any other country.

II. That the true method of dealing with commercial crises, which come once in ten or twenty years, and of meeting all unusual demands upon the banks, is by providing means for readily increasing the supply of currency when it is needed rather than by locking up continuously and permanently an unnecessary proportion of the country's banking capital.

III. That the substitution of bonds in the vaults of country banks for balances in the reserve and central reserve cities will not promote safety. The ability to draw exchange on the principal cities of the country is an available resource even in time of panic. It supplies the common means of payment between communities, and during the recent panic as much difficulty was experienced in maintaining these balances as in maintaining cash reserves. On the other hand, as there is no essential difference between them and other profit-earning bank investments, bonds cannot be properly counted as a cash reserve. If the design is to use them in an emergency as a basis for circulating notes under the Aldrich Bill, it cannot be done without impairing the legal reserves at a time when the banks can least afford such impairment, for bank notes very properly are not counted in legal reserves. An investment in bonds is outside the field of commercial banking and reduces the power of the banks to make commercial loans.

IV. That there is no objection to the prohibition of loans to bank officers, but there is serious objection to such prohibition against directors and companies in which directors are interested. The courts have repeatedly defined the word "securities" as used in Section 11 of the Aldrich Bill to include promissory notes and bills of exchange (25 Am. & Eng. Ency. L., 180; Bank of Commerce vs. Hart, 37 Nebraska, 202; Jennings vs. Davis, 31 Conn., 139; Duncan vs. Md. Sav. Inst. 23 Maryland 299; Winward vs. Lincoln, 23 R. I. 476; Wagner vs. Scherer, 85 New York Supp., 894 and others) and this interpretation would practically prohibit a bank from doing business with any company of which any of its directors were officers or directors. The effect would be to deprive the banks of the very men in each community who by ability, experience and knowledge of credits and business conditions are best qualified to serve in this advisory capacity. Bank directors are not salaried officers; they are principally engaged in other lines of business, and they cannot afford to sacrifice the right to borrow money in order to serve on bank boards. The banks will not be strengthened by limiting the selection of their directors to men who have no active business connections. This section should also be so amended as to permit a national bank to own stock in an allied corporation which owns the building in which the bank is situated. It is desirable for a bank to have a permanent home, and in the large cities where the erection of a creditable office building involves a heavy outlay, there should be no objection to allowing a part of the capital to be supplied by others, or to allowing the bank to control such allied corporation.

V. That these restrictions will affect the institutions of the national banking system unfavorably in their competition with state banks and trust companies. These rivals have already more latitude in the character of business they are allowed to do, and in most of the states the requirements upon them as to reserves are less than those to which national banks are now obliged to conform. Regulations, which make it impossible for national banks to do business at a profit in competition with banks organized under state laws, will inevitably weaken the national system in membership and prestige, an end which it may be presumed the National Congress does not intend.

VI. That as the Aldrich Bill is avowedly a measure for temporary use only, to bridge over until a comprehensive and final system is determined upon, no changes in the existing system which will seriously disturb present conditions should be included in its provisions. The regulations of the national banking system as to the reserves against deposits have stood since the system was established, the business of the banks is adjusted to them, and the credits of the country are adjusted to them. At the date of the last statement of the national banks, February 14, 1908, their net surplus reserves amounted to $169,084,751. This margin, which is the basis for business recovery and expansion, banks are now obliged to conform. Regulations, which make it impossible for national banks to do business at a profit in competition with banks organized under state laws, will inevitably weaken the national system in membership and prestige, an end which it may be presumed the National Congress does not intend.

VI. That as the Aldrich Bill is avowedly a measure for temporary use only, to bridge over until a comprehensive and final system is determined upon, no changes in the existing system which will seriously disturb present conditions should be included in its provisions. The regulations of the national banking system as to the reserves against deposits have stood since the system was established, the business of the banks is adjusted to them, and the credits of the country are adjusted to them. At the date of the last statement of the national banks, February 14, 1908, their net surplus reserves amounted to $169,084,751. This margin, which is the basis for business recovery and expansion, would be more than wiped out by the proposed legislation, and if the banks must prepare to do business under the proposed regulations after January 1, 1909, there can be no expansion of loans meantime, even for crop-moving purposes next fall, but further liquidation will be required and serious consequences may ensue. We respectfully urge that a temporary measure should not contain harmful innovations, which, in a final treatment of the subject, may prove to be unnecessary, and unless they can be eliminated it will be better to have no legislation until the whole subject can be referred to a commission for inquiry and report, which we believe would be the most practical disposition of it.

RESOLVED FURTHER, That a copy of these resolutions be forwarded to the President of the United States, the Vice President of the United States, the Speaker of the House of Representatives, and each member of the Senate and the House of Representatives.

BANKERS NATIONAL BANK,
By J. C. Craft, Vice-President.

COMMERCIAL NATIONAL BANK,
By George E. Roberts, President.

CONTINENTAL NATIONAL BANK,
By George M. Reynolds, President.

CORN EXCHANGE NATIONAL BANK,
By D. A. Moulton, Vice-President.

DROVERS DEPOSIT NATIONAL BANK,
By William A. Tilden, President.

FIRST NATIONAL BANK,
By James B. Forgan, President.

FIRST NATIONAL BANK OF ENGLEWOOD,
By J. J. Nichols, President.

FORT DEARBORN NATIONAL BANK,
By L. A. Goddard, President.

HAMILTON NATIONAL BANK,
By Charles B. Pike, President.

MONROE NATIONAL BANK,
By E. W. Harden, Vice-President.

NATIONAL BANK OF THE REPUBLIC,
By W. T. Fenton, Vice-President.

NATIONAL CITY BANK,
By David R. Forgan, President.

LIVE STOCK EXCHANGE NATIONAL BANK,
By S. R. Flynn, President.

NATIONAL PRODUCE BANK,
By R. N. Ballou, Cashier.

OAKLAND NATIONAL BANK,
By H. C. Foster, President.

PRAIRIE NATIONAL BANK,
By George Woodland, President.

COSTLESS CURRENCY

alone will insure a just division of product.

It solves the problem of distribution!

Nothing is more certain than that poverty among the industrious is the inevitable effect of our preposterous currency system.

YOU HAVE READ

this argument which, if true, means so much to you, to yours, and to us all.

If you are impressed with its logic, and believe beneficial results would follow a general discussion of the simple remedy proposed, and are willing to aid in disseminating the new idea—

☛ Send 25c to the Secretary of THE LAND CURRENCY LEAGUE, 231 Kittredge Bldg., Denver, Colo., and you will receive, post-paid, 10 copies of this argument for distribution among your thinking friends.

COSTLESS CURRENCY IS THE WAY OUT!

United Effort Will Bring It!

HELP SOW THE SEED!

COSTLESS CURRENCY.

A NEW MONEY SYSTEM

Under Consideration By

.....The .....

NATIONAL CURRENCY COMMISSION.

Issued By

THE LAND CURRENCY LEAGUE.

Denver, Colorado.

To

Hon. Nelson W. Aldrich.

With Compliments of

The Sound Currency League
Chas. M. Rice,
Pres.

"Put a shoulder to the wheel."

This pamphlet contains the argument addressed to the U. S. Monetary Commission* by the Land Currency League of the city of Denver, elucidating a new, but feasible and scientific method of providing national currency by a system that will automatically supply every legitimate demand for money.

The argument consists of an address and three supplemental communications to the Colorado members of the National Commission, Messrs. Teller and Bonynge, of Denver.

---

*The Commission appointed by the 60th Congress to discover the defects in our currency system consists of Senators Aldrich, Burrows, Daniels, Hale, Knox, Money, Teller; Representatives Bonynge, Burton, (O) Overstreet, Padgett, Pugo, Smith, (Calif.) Vreeland, Weeks, and Sec'y Shelton of the Senate Finance Committee.

ADDRESS

Delivered by James D. Holden, of the Land Currency League, to the Colorado Members of the Commission.

Gentlemen:

We are a delegation appointed by The Land Currency League to present for your consideration what we believe to be a correct theory of currency. Our purpose in seeking this audience is to impress you with its importance, and to convince you, if possible, that at last we have the true solution of the currency problem.

Our conclusions are the result of an investigation of the subject, covering a period of many years, prosecuted along **a new line of research.** They prove conclusively that the knowledge of the most enlightened legislators of the age concerning the science of money is of the most superficial character.

This conclusion is in a manner justified by the fact that after a national existence of upward of 116 years, we find ourselves embarrassed by a fiscal system that is unequal to the task of employing our full powers of production, of equitably distributing the fruit of industry, or of preventing a frequent recurrence of disastrous financial panics.

We cannot hope in a single interview to convince you of the validity of our theory. To elucidate it requires a great deal of argument on our part and a great deal of reflection on the part of those to whom it is presented, but with your permission I will briefly outline the new philosophy and give the reasoning upon which our most remarkable claim is based.

We claim that society needlessly pays interest for the use of a circulating medium; and that the compulsory practice of compensating the individual for the use of currency is **avoidable.**

Our contention is that owners of wealth should not compel themselves to compensate **the individual** for the use of a legal-tender representative of wealth; and that they would avoid the present interest charge could they obtain from the state, on application, a legal-tender representative of the wealth they now pledge as security to the usurer.

We claim that our every economic ill is due to the fact that we unduly restrict the volume of money.

Instead of supplying ourselves with a currency volume equal to our **requirements,** we so restrict the issue that a private substitute for money is required to assist in effecting our exchanges. Statistics show that fully 95 per cent of recorded exchanges are made with a credit substitute.

All money provided by the state for commercial purposes is supplied to the recipients without interest, while the cost to society of the credit substitute (which we are compelled to use because of the money shortage) **actually absorbs the surplus earnings of industry.***

Our failure to apply the true remedy is largely due to a common belief that the value of money, like that of a commodity, is determined by the economic law of supply and demand, and that to materially increase the money volume is to impair the value of the money unit.

An unwarranted fear of a depreciated currency prohibits a **sufficient** volume of money, and thus prevents a just division of product.

An exhaustive investigation satisfies us that absolute money—paper or specie—does not, in fact, fluctuate in value, but that it **reflects** and represents the fluctuating value of the articles **for which it is exchanged.** Hence were legal-tender paper issued for currency purposes only against individual wealth, the supply may equal

* See note A Appendix.

our commercial requirements without fear of depreciation.

It is true that rising prices frequently follow a material increase in the volume of the circulating medium, but this phenomenon occurs only when the volume is less than the amount required to perfectly perform the money office—**a fact that has escaped the scrutiny of the financial student.**

The result, therefore, is not due to a cheapening of the money unit, but to a natural increase in the value of **certain** commodities; commodities for which there is an increased demand; demand born of a new ability to purchase.

This view is sustained by the fact that the advance in price is not only confined to articles for which there is an increased demand, but it is **temporary,** for the secondary effect of a new money issue is to so stimulate the production of articles whose value is enhanced that prices will become normal when the new demand is satisfied.

We claim that quality, not quantity, determines the value of money.

Regardless, however, of what is known as the "quantitative" theory of money, we claim that the currency volume may safely be increased to the extent we propose, because the measure we suggest would simply substitute one form of circulating medium for another (cash for credit) without augmenting the volume of that with which our business is now transacted, and therefore would not disturb prices.

The only persons who can now call new money into existence to meet the demands of an expanding commerce, are owners of wealth in the form of gold bullion and United States bonds. All other wealth-owners are unwisely denied the essential privilege of monetizing their wealth for currency purposes by the certificate process. The result is an enormous currency deficit of not

less than twelve billion dollars, as shown by the last Report of the Comptroller of the Currency.

This report shows that our circulation now consists of public money and bank-credit—about one part money and five parts credit: public money provided by the state at a nominal cost to the recipient, and bank credit, provided by financiers at burdensome rates of interest.

We propose to cure our financial ills by substituting cash for the credit constituent of our circulating medium. This can be done, we claim, without departing from the present method of supplying currency for commercial purposes.

We propose to extend the privilege of calling new money into existence (which is now exercised exclusively by owners of gold bullion and national bonds) to the owners of productive real estate—our most stable form of wealth.

The underlying principle of the proposed system is that all forms of wealth are equally entitled to currency representation in the nation's circulation on application of the owner.

We claim, however, that the interests of society will be as well served, and the system simplified, by confining the currency issue to owners of stable, or permanent, forms of wealth.

To monetize LAND VALUES, we claim, will destroy the existing currency monopoly, and the indirect benefit to all will equal the direct benefit inuring to the currency recipient, because the terms upon which legalized certificates will be issued to land owners, on demand, will determine the usurer's charge for the use of private funds, and the credit substitute, should there be a demand therefor.

The new system assumes that the legal-tender function alone sustains the value of money; that commodity value has nothing whatever to do in sustaining the money value of legal-tender currency; that money is a legislative **device** whose value as an exchange medium necessarily equals its value for discharging contract obligations.

Evidence of the validity of this principle is found in the fact that gold coin would not circulate at par for a moment were it divested of its debt-paying power, and that our standard silver coins circulate at par for the reason alone that they are invested by law with the legal-tender quality. It is obvious, therefore, that the legal-tender attribute is the money attribute of a nation's currency—whether paper, silver or gold.

Ours is not a proposition to "loan money on land," nor to "base" money on real estate. It is an automatic method of providing just the amount of currency required by a direct issue to money users, on demand, of a legal-tender **representative** of their wealth.

As our congressional representatives, and as members of the recently appointed Monetary Commission, we ask you to thoroughly investigate this new theory, and especially our claim that real money does not fluctuate in value. To realize this momentous truth is to perceive that a legal-tender representative of wealth may with advantage and entire safety be issued, on application, to the owners of stable forms of wealth at cost of issue.

We cannot but believe that the appointment at this time of a Monetary Commission to whose searching scrutiny this revelation in economics can be submitted will prove of the greatest possible benefit to the human family.

We have formulated a measure, of which we will furnish you copies, embodying our recommendations which sets forth a plan for carrying them into effect.

We trust that upon reflection you may see your way clear to commend this promising theory, and the simple remedy we suggest, as worthy the serious consideration of the Monetary Commission.

SUPPLEMENTAL COMMUNICATION NO 1.

(This paper was prepared for the purpose of refuting the generally accepted "quantitative" theory of money.)

Hon. Henry M. Teller,
Hon. Robert W. Bonynge,
Members U. S. Monetary Commission.
Gentlemen:

In the opinion of the members of The Land Currency League, the chief obstacle in the way of perfecting our money system is the belief that the exchange value of a nation's circulating medium is regulated by its **volume;** and that to materially increase the money volume is to impair the value of the money unit.

Belief in this — the quantitative — theory of money, in our judgment, is not only incompatible with a correct understanding of the character of money, but its blighting influence on the destiny of the individual is incalculable, for the reason that it prevents the mind from perceiving a momentous economic truth, namely:

That absolute money does not fluctuate in value!*

The need of the hour, in our opinion, is an argument that will expose the fallacy of this accepted belief, and we beg leave to submit for your consideration the reasoning which justifies the conclusion that the quantitative theory of money is false, misleading and pernicious.

In defining the theory, John Stuart Mill, in his "Principles of Political Economy," says:

"If the whole money in circulation was doubled, prices would double. If it was increased one-fourth, prices would increase one-fourth. * * * So that the value of money—all other things remaining the same—varies inversely as its quantity; every increase in quantity lowering its value, and every diminution raising it in a ratio exactly equivalent."

David Ricardo, an eminent English authority, says:

"The value of money in any country is determined by the amount existing. That commodities would rise or fall in price in proportion to the increase or diminution of money, I assume as a fact that is incontrovertible."

Notwithstanding the high character of these distinguished economists and the respect to which their opinions are entitled, we assert that their conclusions cannot be verified.*

The following is the reasoning upon which we rely for a justification of our contention:

Because rising prices usually follow a material increase in the volume of money, economists have erroneously concluded that the result is due to a **cheapening** of the money unit. In other words: that a rise in prices is the **direct** result of an augmented money volume. In fact, however, rising prices are due to increased demand, resulting from an increased ability of the recipients of the new currency to gratify their wants.

In justification of this conclusion we point to the fact that a rise in the price of **all** commodities does not follow an increase in the money volume; that only those commodities increase in value for which there is an increased demand; that the mere existence of new money cannot affect prices, because there can be no rise in the price of any form of property until the new demand affects the available supply.

Were the quantitative theory true, the price of **all** property would rise in response to a new money issue, regardless of supply and demand, for if "volume determines price," as the advocates of this theory claim, the augmented money volume would advance the value of articles for which there would be no unusual demand to the same extent that it would raise the price of articles the demand for which would exceed the supply. Surely something besides the unsupported opinion of eminent economists is necessary to sustain so unreasonable a theory. The claim that "prices are determined by the volume of money," is inconsistent with the fact that they are determined by the economic law of supply and demand—a truth accepted by all economic students.

Another fact that discredits the quantitative theory is that the advance in prices following a

*See Note B appendix.

fresh issue of money is not (as the theory assumes) permanent. It is temporary, for the reason that the secondary effect of a new money issue is to stimulate and make possible the production of articles for which there is an active demand, so that prices will become normal when the new demand is satisfied.

It will not be denied that price indicates value, therefore an increase in price means a real increase in value. As commodities are known to increase in value while the money volume remains stationary, it is clear that prices **may** advance, though the value of the money unit be unaffected. Our contention is that any and every change in prices is due to fluctuation in the value of **commodities**—never to a change in the value of full legal-tender currency—paper or specie.

The significance of this conclusion—if valid—is apparent. It reveals a truth of the greatest moment, viz:

That the privilege of calling new money into existence (which is now exercised exclusively by owners of gold bullion and national bonds) may be extended to owners of other stable wealth without fear of impairing the value of the money unit. And that a wise change in the provisions of our currency law will enable us to substitute cash (provided by government at a nominal cost to the money-user) for the credit substitute for cash that is now provided by financiers at impoverishing rates of interest.

The following is the logic that sustains our conclusion:

Whatever "value" may be, it is something that is **expressed** in "dollars." The fluctuating value of commodities and the debt-paying value of the legal-tender symbol is thus expressed. As the value of the debt-paying device—money—(expressed in dollars) is always the same (being fixed by statute) it manifestly cannot be affected by the economic law of supply and demand.

The following illustrations furnish additional proof of the truth for which we are contending:

If wheat, for example, advances from 75 cents to a dollar a bushel, the value of the money unit is not affected, because it will still buy a dollar's worth of wheat—the value of which, like that of the debt-paying device, is expressed in arbitrary units, called "dollars."

To elucidate this truth, let us suppose that to-day wheat is worth a dollar a bushel, tobacco a dollar a pound, and silk a dollar a yard, and that to-morrow an advance in wheat raises its price to $1.25 a bushel—the price of tobacco, silk and other commodities remaining unchanged. Can it be said that the money unit has lost any of its value so long as it will continue to buy a pound of tobacco, a yard of silk, and the usual amount of everything except wheat?—and when it will still buy a dollar's worth of wheat?

From this it is evident that it will not do to say that "prices advance," and at the same time claim that "money cheapens," for if money cheapens there is no real advance in price. The foregoing illustration shows clearly that fluctuating prices are due, solely, to a change in the value of **commodities.**

The common belief that money depreciates in value arises from confounding the effect on price of a failing credit currency with the effect on **demand** of an increasing volume of money.

A convincing reason why the theory in question cannot be defended is that its claims do not harmonize with our monetary experience. For example: In 1861 we had a currency circulation of perhaps $5 per capita, while in 1865 it was nearly $70. Prices barely doubled in that time, while according to the quantitative theory they should have increased fourteen fold. But the doubling of prices may be accounted for by other causes than the increase in money. War has always caused prices to advance, though the money volume remains unchanged, and for an obvious reason, viz: consumption is increased and

production curtailed as soon as armies are in the field. Producers cease producing while continuing to consume, and the great law of supply and demand operates to change prices, regardless of the money volume.

We invite your attention to the further fact that during the currency contraction of October last (1907), prices were but slightly affected. Stocks depreciated in value, but general prices remained firm, though an enormous contraction of the circulation had taken place through the sudden withdrawal of credit by the banks. A general stagnation of business followed, though the general level of prices was higher than it had been for years. Shortly after a general denial of credit by the banks, there was a great increase in the tangible circulating medium, through the issue of millions of clearing-house certificates, yet no advance in prices occurred. These facts prove the incorrectness of the claim that the money volume determines price.

Perhaps the most vulnerable part of this specious theory is its claim that "prices will continue to rise as long as money continues to increase." Because rising prices in the past have followed an increase in the money volume, its advocates asssume that they will **continue** to do so. In reaching this conclusion they lose sight of the fact that it is only when the volume of the circulating medium is **unequal to the needs of commerce** that advancing prices accompany increasing money. The theory is based entirely on the experience of the **past**—a period during which society has never known a sufficient volume of money. The obvious fact that a changing money volume affects price **only as it affects demand,** suggests that were demand beyond the influence of a scant money supply, a change in the quantity could not affect prices.

Reflection justifies the assertion that the only manner in which the money volume may affect price is in affecting demand. We claim that demand would not be affected were the money volume equal to the money needs. Were our full powers of production engaged, additional money could not further increase production, and were our full powers of consumption engaged, a new issue could not increase consumption. Consequently as an augmented volume could affect neither production or consumption, it is inconceivable that it could affect prices.

This reasoning leads to the following conclusions, namely:

1. That money is not the "measure of value," as is generally supposed.

2. That values are estimated and determined without the aid of money.

3. That values are not even expressed in money, but in abstract units of value, called "dollars."

4. That the unit of value and the unit of money are not identical, but are distinct commercial factors—the money unit being concrete, the value unit, ideal.

5. That the dollar, in fact, is not a **material** thing, but a mere concept, like the figure 1 in numbers.

6. That the word "dollar" does not especially refer to money, but, in its true sense, refers to the value of the legal-tender symbol, just as it refers to the value of commodities and property.

7. That money, by virtue of its debt-paying power, is simply the commercial **equivalent** of articles possessing utility value equal to the denomination of the legal-tender coin or certificate.

While the value of money is not affected by a change in the volume, the **price** of money is. That is to say, the interest rate varies with a material change in the supply **when the volume is less than the money needs.** Were the volume equal to our commercial requirements, however, the payment of tribute for the use of currency for facilitating exchanges would be unknown.

By "tribute" we mean compensation for the use of a circulating medium, as distinguished from compensation, or hire, for the use of property. The distinction is well defined, though not generally recognized. Compensation for the use of property is a legitimate charge—property being a product of labor. But compensation for the use of a legalized **representative** of property (a product of legislation) is a charge that wealth-owners literally compel themselves to pay, by failing to provide for the monetization of the wealth they now, as borrowers, pledge as security to the money merchant.

According to the Land Currency Philosophy, money in circulation is nothing more or less than "a legal-tender **representative** of wealth." It circulates at par, and is the equivalent of property, because it is invested by law with arbitrary debt-paying power.

A money symbol, paper or specie, worth $5 for liquidating debt, has an exchange value equal to that of commodities worth $5 for other uses.

Modern commerce is the barter of commodities having a fluctuating value, determined by supply and demand, for legal-tender symbols having a fixed value for discharging contract obligations.

Being "a legal-tender representative of wealth," money should be issued as such by the state. It should be issued to wealth-owners, on application, as they may require it for commercial purposes.

It is the duty of the state to create money for the convenience of the individual, who, as a producer, is entitled to a currency representative of the wealth he creates, for the conclusive reason that (as barter is impracticable in complex society) **a currency representative is essential to a just distribution of the fruit of his industry.**

Money being the available representative of individual wealth, to the individual belongs the prerogative of calling the representative into existence. His alone is the right to determine **when** his wealth shall be monetized for currency purposes. This is the present right of the gold owner, and of the national bond owner, and it should be the right of the **wealth owner.**

The individual alone should place in circulation the currency representative of the wealth he creates, or acquires, when his needs require it. No reasoning can justify the state in disposing of the currency representative of the wealth of the individual, except that acquired by taxation.

☞ Were all wealth owners granted the right to demand and receive a currency representative of their wealth, on application, an impartial and sufficient issue of money would result—the benefits of which cannot be estimated. Such a law would, for the first time in the history of civilization, make the life-blood of commerce readily obtainable by the producer to whom it is **a necessity.**

We claim that money commands interest in the market, not because it is valuable, but because it is **inaccessible** to the followers of useful pursuits—who for specious reasons have, for centuries, unwisely confined the issue of legal-tender to the monetization of the precious metals.

The inevitable effect of this baneful law is to force society to compensate the individual for the use of an artificial exchange medium—a mere product of legislation.

The sum we obligate ourselves to pay financiers each year for the use of this legislative device **is greater than the surplus earnings of our every industry.** An imperfect knowledge of the nature of money, and a general belief that it can depreciate in value, results in a financial policy which so restricts the issue of legal-tender that it, and its credit equivalent, commands "interest" in the market—INTEREST, the legalized tribute upon which the drones of society **lawfully** subsist.

That an interest-yielding currency is the sole cause of poverty among the industrious, and of want in the midst of abundance, is a fact that has eluded the scrutiny of the student of social science.

Our claim that the volume of money has nothing to do with its value, and that, should trade require it, the volume of money may equal the

volume of wealth, without depreciating, is both valid and demonstrable.

For example: Suppose every note or bond that is now amply secured by mortgage, or trust deed, on real estate were by law made a tender for debt—would not the act enormously increase the volume of money? And would the value of such paper be impaired by making it a legal-tender?

Suppose that against every $5,000 worth of land a bond for $1,000 was issued—would such bonds depreciate in value as their number increased? Certainly not—nor would the act of investing them with debt-paying power impair their value.

Suppose all individual wealth—real and personal—were made a legal-tender for debt—why would such an increase of money impair the value of the money unit?

Suppose we were in the purely barter stage, where commodities are exchanged for commodities, and money has not been invented—would not values be adjusted solely according to supply and demand? If so, upon what twist of logic can it be claimed that if all personal and real property should be monetized by the certificate process into a money representative, and this used in exchanges instead of the commodity itself, that values would be affected or changed by the act? How could values be affected when the money thus created would be used only to facilitate exchanges, discharge debts, and conserve individual wealth?

Finally, what additional evidence is required to satisfy the discriminating mind that "legal-tender representatives of wealth," of convenient denominations, may be made abundant or scarce—accessible or inaccessible—according to the wisdom of legislators?

Very respectfully,

CHAS. M. BICE,
WEBSTER BALLINGER,
RICHARD WOLFE,
JAMES D. HOLDEN,
Committee.

Denver, Colorado, October, 1908.

SUPPLEMENTAL COMMUNICATION NO. 2.

Hon. Henry M. Teller,
Hon. Robert W. Bonynge,
Members of the U. S. Monetary Commission.
Gentlemen:

Having shown by irrefutable argument that absolute paper money (issued for currency purposes against individual wealth, and possessing arbitrary debt-paying power) cannot depreciate in value, the folly of longer continuing a financial policy which deprives society of a **sufficiency** of that which is essential to the full employment of its industrial powers, becomes apparent.

And yet, the idea that it is the duty of the state to provide a circulating medium for which "interest" cannot be exacted, and that a change in the currency law would give the wealth owner bona fide money for the asking, is so foreign to traditional belief, to custom, and to the teachings of economists, that even the most enlightened hesitate to accept the argument—conclusive though it be—which elucidates this vital truth—this veritable revelation in economics.

We feel confident, however, that in presenting this new idea to a National Commission, instituted to ascertain the cause of our financial ills, we are submitting it to a tribunal that will appreciate the argument we offer in its support, and recognize the merit of the measure we suggest for providing a national currency equal to our commercial needs.

The proposal to monetize land values by the certificate process is simply a proposal to make a larger percentage of our stable wealth available for currency purposes, without departing from the established method of providing currency for commercial uses.

It is only a feasible plan for supplying the enormous deficit in our currency volume, which, as shown by the last Report of the Comptroller

of the Currency, now exceeds **twelve billion dollars!**

It is a practical plan to substitute cash (provided by government at a nominal cost to the money user) for the credit substitute for cash that is now provided by financiers at burdensome rates of interest.

It is an automatic method of calling new money into existence as it may be required by our expanding commerce.

☞ The Federal Constitution confers upon Congress the power to **create** money! It is evident, however, that the power conferred by the Constitution is not fully exercised so long as the producer must compensate **the individual** for the use of this legislative device—a device that is indispensable in distributing the fruit of industry. Obviously the money supply should equal the money needs—and nothing is more certain than that INTEREST is the barometer which unerringly indicates the extent of the money shortage.

Beyond a doubt the legal-tender attribute is that which enables money to perform its three functions, viz:. to conserve individual wealth; to facilitate exchanges; and to pay debts; and while a definite amount is required to perform two of these functions (discharge debt and effect exchanges) the demand for money for conserving the earnings of the industrious is practically unlimited. Thus its three uses will readily absorb the limited volume of currency that may be called into existence under the automatic plan of issue we suggest.

Statistics show that the uninvested savings of the American people at this time exceed fifteen billion dollars, while the tangible circulation is less than three billions. An additional currency issue of **twelve billions,** therefore, could be used for the purpose alone of conserving, in money, the present savings of bank depositors—savings now conserved in nothing more tangible than unsecured promises of the banks to pay their depositors, "on demand," twelve billions of money that is not in existence.

Obviously, a law that will make the "legalized representative" as accessible to land owners as **it now is to owners of government bonds,** will—by making 50 per cent of the nation's wealth eligible to monetization by the certificate process—provide a practical means of getting the required currency into circulation. The volume proposed will be limited, and yet, the required amount may be called into existence.

Query: Money being a mere legislative device—what excuse is there for a money shortage? **Why pay tribute for its use?**

Being a legalized representative of **wealth**—such wealth as the law may designate—**the law we, ourselves, inspire**—why need there be a dearth of money so long as there is no dearth of wealth?

Were a currency representative made accessible to wealth owners, on application—is it not certain that they would escape the interest charge?

And if interest could not be exacted for its use—what motive would there be for calling a surplus into existence?

Individual wealth when monetized for currency purposes by the coinage process, or by the certificate process, is invariably monetized at an **arbitrary** valuation. Gold is, and silver was, thus monetized. In monetizing land values it is proposed to make the assessed valuation of productive real estate, for a given year, an arbitrary and **permanent** valuation of the same for currency purposes; thus monetizing this most stable form of wealth at a conservative valuation—not exceeding in any instance, 40 per cent of its market value.

The scientific character of the measure becomes apparent as the fact is realized that it will **automatically** provide a sufficient public circulating medium, at a nominal cost to the money user, by a method that will prevent an over-issue, and avoid the necessity of monetizing other forms of wealth.

That the new law will prove equally beneficial to every citizen, **and confer no especial advantage upon the land owner,** becomes clear to those who perceive that the rate at which the government will issue a sufficient volume of legal-tender paper to land owners, on application, will regulate the cost in the market of every form of circulating medium that may be used—whether public or private.

It is a plan to give the commercial world a **sufficient** volume of money, through the mediation of land owners, just as the present insufficient volume is provided through the mediation of bullion owners and bankers.

Our contention is, that had we a sufficient volume of money, competition would insure equitable profits—because demand and supply alone would determine price. And the wage system would give the worker his full share of the joint product—because then, money would seek labor, whereas now, labor must seek money!

Very respectfully,

CHAS. M. BICE,
WEBSTER BALLINGER,
RICHARD WOLFE,
JAMES D. HOLDEN,
Committee.

Denver, Colorado, November, 1908.

SUPPLEMENTAL COMMUNICATION NO. 3.

Hon. Henry M. Teller,
Hon. Robert W. Bonynge,
Members of the U. S. Monetary Commission.
Gentlemen:

A fundamental principle of The Land Currency philosophy is:

That fluctuating prices are due to a change in the value of commodities—never to a change in the value of real money—paper or specie.

Evidence of the truth of this conclusion is found in the fact that in modern commerce articles are virtually exchanged for **products**—through the mediation of money: legal-tender currency being that which reflects, and represents in trade, the value for which it is exchanged.

Commodities are converted into the legal-tender representative at their **relative** value, compared with that of other commodities—not as compared with money. It is the relative worth of the commodity, therefore, estimated and expressed in imaginary units of value (called "dollars") which determines the number of legal-tender units it will command in the market.

The debt-paying device is the exchange equivalent of articles having utility value, because, aside from its material, it has a legal value for a popular use equal to its face; a legal value which is unchangeable because fixed by legal decree.

The non-existence heretofore of the true money idea is attested:

First. By the universality of the interest-paying custom—whereby society, without protest, needlessly compensates the usurer for the use of an essential legislative device; an artificial device for which "interest" is exacted only because the supply does not equal the demand.

Second. By the fact that heretofore every effort to increase the circulating medium has been in the way of providing credit substitutes for money, instead of increasing the issue of pure

legal-tender itself; a fact which shows that there has been no general recognition of the economic truth: that the legal-tender function is that alone which **insures** the circulation at par of all money, whether paper, silver or gold.

Third. By the prevailing belief that money should have "stable purchasing power"; and that its value should be "regulated" by limiting the issue—a preposterous idea, because it is a patent fact that had money stable purchasing power **there would be no such thing as a change in price,** the very thing required to cause supply to respond to demand.

Additional evidence of the phenomenal dearth of fiscal knowledge, is the fact that all paper issues in the past, with a single exception, * have been promises-to-pay-specie-on-demand. Even the paper issues of the civil war period (declared to be "money" by the United States Supreme Court) were a credit currency invested with the legal-tender quality. The promise of ultimate redemption in specie inscribed on these notes indicates the existence of a belief that the legal-tender attribute alone would not insure their circulation at par with coin.

* The nearest approach to absolute paper money of which we have a record, was the Land Currency, issued to land owners, in Franklin's time, by the Colony of Pennsylvania. This currency circulated at par with specie for 40 years—from 1722 to 1762. The original issue, in 1722, was a credit currency invested with full legal-tender power; but, at Franklin's suggestion, the issues subsequent to 1731 were not redeemable in coin, but were a pure paper money which perfectly performed all the functions of specie, because invested by law with all its legal powers.—See Pennsylvania Magazine of History and Biography for April, 1888.

While the currency system we propose would destroy the business of the usurer, it would benefit the capitalist and the investor.

It would make dividends on stocks as safe as interest on bonds—because it would exempt the stockholder from the exactions of the bondholder.

It would create a field for investment in industrial enterprises which would make the investment lucrative because of the increased ability of the industrious millions to freely gratify their wants.

Relieved of the burden of compensating the usurer for the use of a scant money supply; and escaping the indirect tax which, as consumers, they now contribute (daily) to the enormous fund from which tribute is paid on billions of national, industrial and railway "bonds," the producers of the nation would, at last, enjoy the full fruit of their industry.

By giving themselves the same right to a legal-tender representative of their stable wealth which they now grant to the owners of gold bullion and certain bonds, the followers of useful pursuits, by simply amending a statute, would create for themselves an economical environment in which there would be no artificial handicap to individual effort; no artificial obstacle to the development of the nation's boundless resources.

Money being an indispensable distributor of product, it is clear that an insufficient issue must result in imperfect distribution. Being a necessity, an abnormal industrial condition is the inevitable concomitant of an inaccessible circulating medium.

As the present cost of an artificial medium for facilitating exchanges **exceeds the surplus earnings of the industrious,** the relationship between their poverty and a scant money supply is obvious.

In concluding, we beg leave to add that in our opinion we have presented for your consideration an argument which reveals an amazing truth, namely:

That want in the midst of abundance, the unjust division of wealth, and the money troubles of the industrious, are the necessary effect of an insufficient issue of legal-tender paper; and that these evils will disappear when our public circulating medium shall equal our commercial needs.

Very respectfully,

CHAS. M. BICE,
WEBSTER BALLINGER,
RICHARD WOLFE,
JAMES D. HOLDEN,
Committee.

Denver, Colorado, December, 1908.

APPENDIX.

NOTE A.—"The surplus earnings of industry" are indicated by the annual increase in national wealth, which (less the advance in real estate values) approximates two billion dollars. Our total indebtedness, public and private, is variously estimated at from 30 to 40 billions. * Assuming that it aggregates 35 billions and that the average interest rate thereon is 6 per cent per annum, TWO BILLION ONE HUNDRED MILLIONS is the sum we obligate ourselves to pay financiers each year for the use of a circulating medium—ONE HUNDRED MILLIONS more than the value of the surplus product of our every industry.

* The following items and figures indicate the present interest-bearing indebtedness of the people of the United States, expressed in round numbers. The compilation is from official reports and estimates of experts:

National bonds	$ 925,000,000
State bonds	234,000,000
Municipal and County bonds	2,140,000,000
Steam Railway bonds	7,821,000,000
Street Railway bonds	1,455,000,000
Industrial bonds	2,742,000,000
Real Estate Mortgages	10,000,000,000
Chattel Mortgages (a)	2,500,000,000
Bank Discounts	5,766,000,000
Unsecured Notes and Book Accounts (b)	1,417,000,000
Total	$35,000,000,000

(a) Estimated at 25 per cent of the known Real Estate Mortgage Debt. (b) A meagre estimate.

NOTE B.—A distinction, not generally recognized, exists between the value of money and its "purchasing-power." Value is invariably expressed in imaginary units (i. e., in dollars), while purchasing-power can be expressed only in commodities. As the value of a coin, or other debt-paying device (expressed in dollars) is always the same—always equal to its denomination—it cannot possibly fluctuate.

The fact that an **insufficient** volume of money frequently compels a **sacrifice of values** to obtain it, is that which gives color to the claim that real money fluctuates in value, when in fact every change of value is in the commodity.

Were it possible for legal money to vary in value, **a change in prices would indicate nothing,** and the business world would be at sea regarding values.

To realize that the so-called purchasing power of money is determined by the **relative** value of commodities (compared with each other) is to perceive that it cannot be determined by the volume of money, as claimed by adherents of the quantitative theory.

The belief therefore, that an artificial symbol, created by society without cost, (and which has no independent value aside from the delegated function which enables it to reflect and represent the values for which it is exchanged) is subject to the same economic law that determines the exchange value of a product of labor, is a belief which, though well-nigh universal, cannot be sustained by logical reasoning.

NOTE C.—IN ORDER TO MAKE THE NEW SYSTEM SELF-SUSTAINING IT IS PROPOSED TO MAKE A NOMINAL CHARGE FOR THE CURRENCY ISSUED. TO INSURE PAYMENT OF THIS TAX THE RECIPIENT GIVES A PRIMARY LIEN ON THE PROPERTY FOR WHICH A REPRESENTATIVE IS ISSUED. THE OBLIGATION DOES NOT MATURE SO LONG AS THE ANNUAL TAX IS PAID, BUT MAY BE FORECLOSED IN CASE OF DEFAULT.

ILLUSTRATION.

National bank notes are a "costless currency." They are issued by the State—against individual wealth—without interest—for the convenience of society. They pass current because of their power to pay debts and taxes.

Were money, in the form of legal-tender certificates, issued, on application, to owners of productive real estate, the money supply would equal the money needs, and the use of national bank notes, as well as the practice of paying usurers tribute for the use of a scant money supply, would be avoided.

It is an interesting fact that it would be impossible to exact "interest" for the use of an exchange medium from a truly enlightened people.

Our present mental development may be judged by the fact that we pay the individual interest for the use of legal tender PAPER (which we collectively create at will, and without cost) as willingly as we pay rent for property, or hire for service.

It is a lamentable fact, that having the power to abolish interest for money—by amending a statute—we lack the wit to exercise it—HENCE THE STRUGGLE FOR EXISTENCE!

Report of the Federal Legislative Committee
of the
BANKERS ASSOCIATION OF THE STATE OF ILLINOIS

Made at its Annual Meeting, held in Decatur, Illinois,

October 13th and 14th, 1909

President McKinney: We come next to the reports of Standing Committees. Mr. Parker, of the Federal Legislative Committee, I notice is in the house, and I would ask him if he has any report to make from that committee at this time?

Mr. E. J. Parker: Mr. President and gentlemen of the Convention: The Committee on Federal Legislation was called into existence at a time when it was thought that other state associations would also elect such committees, which would be standing committees. However, we have not conferred with any state associations or received notice that they have formed or have such standing committees in existence. Not knowing whether we would be called upon for a report, I have no wr!tten manuscript; therefore I will make a verbal and offhand report.

When currency legislation was under discussion during the last session of Congress, your committee was asked by the members of the Currency Commission of the American Bankers Association, to lend its aid in defeating certain bills; and I also received many letters from acquaintances in the country at large. Many of these letters were referred to our committee, though we have had no formal meetings, the members being scattered over the state. However, we have kept in touch with each other by correspondence. We strenuously opposed the passage of the Fowler, Aldrich, and other bills, and later the Aldrich-Vreeland bill, which is, as we knew it would be, inoperative. Only one Clearing House Association has been formed under the provision of that bill and I believe it is in the District of Columbia.

The hint has been given to the country at large that the Congressional Currency Commission may advocate a central bank. It is well to have it brought before the country for consideration, agitation, if you please, and final adoption if the country so decides; it is obvious there will be oposition to it. In the older countries of Europe, thickly settled with a homogeneous population, and the conservatism which age brings to all communities and nations, they have in operation large central banks, which serve their purpose well. Our population is quite different and our vast country sparsely settled. We have invited men to come from all parts of the world, they have come and emigration will continue. Instead of being a monarchy, we are a republic and a democracy, pure and simple. I take it that it would be difficult to establish a central bank in our country, with its heterogeneous population, strongly assertive as democracies usually are, opinionated many times, and our legislative bodies embracing among their members but few men possessing the wisdom of political economists, and unfortunately economic questions such as the currency and the tariff are not relegated to expert commissions. If the central bank should be advocated in the coming Congress, it will resolve itself into political alignments, which will be unfortunate. That was one of the weak points of the Aldrich-Vreeman bill, passed in haste to meet political emergencies rather than financial ones.

The bill is not practical as a financial measure.

The moment a legislator or a citizen of the country suggests a currency plan, he makes himself a target, and his plan is immediately assailed. Hence, as a member of this committee, I would not think of suggesting a plan. I will take up your time only for a few moments in speaking rather interrogatively than affirmatively, certainly not dogmatically, on the currency question.

Bankers are still living in New York City who co-operated with that sagacious banker, Mr. Tappan, in establishing the New York Clearing House in that city. The clearing houses of reserve centers (some of them imperial cities) comprising, as they do, National and State banks, Trust Companies and private banking interests, represent a banking power greater than many of the banks in Europe. Have they served a good purpose since they were established? What would the banks of Chicago and San Francisco have done in the time of their great conflagrations, if in order to avert a panic they had not availed themselves of the united action of their clearing houses? At such a juncture could the Aldrich-Vreeland bill have assisted them, distant as they are from Washington? In our own state the necessity and power of clearing house organizations has been clearly demonstrated. I have felt since the panics of 1873, 1884, and especially 1893 and 1907, that through clearing house issues we might and could arrest the awful contraction of credits which always forces many solvent institutions banking and other busidess enterprises, to the wall. At a time when credits should be expanded, they are contracted under our present rigid currency system, and one banker after another will filch money from his neighbor.

In the panic of 1907 Chicago went one step further than New York, not only issuing clearing house certificates for the first time, but clearing house notes as well, secured by assets of its members deposited with the clearing house. They steadied the situation in Chicago and throughout the state. That principle can be applied in meeting the annual crop situation in providing an emergency circulation to be used in the event of a panic. Panics should be prevented in our country as they are in Europe; where there is never such a severe and sudden contraction of credits. In the county above Quincy, an agricultural community, the principal of clearing house issues was illustrated. During the panic of 1907 the bankers in that county (they have no clearing house there) met and decided to protect each other, preparing their cashier's checks and had them in readiness for circulation if necessary.

Clearing houses should be increased and brought into existence, one or more in every state and territory of our country.

In Europe the territory is smaller. Our country is a vast one and in times of panics, banks cannot do business through Washington, certainly not readily, with a circulation secured by government bonds.

The clearing houses are in advance of the general and state governments in the matter of protecting depositors by independent examination of the condition of its members, whether National or State banks, Trust Companies or private banks. The clearing houses of Chicago, St. Joseph, Kansas City, I believe, and perhaps Omaha, make, without notice to their members, independent examinations if for any reason they think it best to do so. Under the laws of Illinois, private banks are not subject to examination, but as stated before, if a private banker is a member of the Chicago Clearing House and if for any reason the members of the

Clearing House wish to examine that bank, they will do so and without notice. Therein, gentlemen, lies, in the strict impartial examination of our banks, a security even beyond that of the examinations under national bank statutes, and the state banking department. If we want to meet the untenable proposition of guaranteed bank deposits we must develop and carry out in our clearing house organizations, regulations which are stricter than those required by the government or state administration and not have it understood that a young state, namely Oklahoma, is the only state in the Union on the right track.

Let me recall how the clearing house of Chicago met the situation when suspicion rested upon the Walsh banks, the Chicago National and the affiiliated banks, the Trust Company and the Savings Bank. It was Sunday afternoon when those virile strong bankers of Chicago met and declared that on Monday morning it should be annouuced that those institutions would be liquidated, and the associated banks through the clearing house would pay every last dollar of their deposits. This action prevented a panic in Chicago.

What helped to bring on the panic of 1907? The knowledge that Heintze was trying to corner the copper of the world, that Morse and others had secured control of a chain of banks. It was then that such men as J. P. Morgan and others rose up like lions and asked for the resignations of officials and directors, and the men who had disobeyed the laws of the country in the administration of their banks. That created alarm, and within a few days forty-two millions were taken from two banks, the Trust Company on Wall Street, and the Knickerbocker on Fifth Avenue. The one hundred millions in gold brought from England might have been but a drop in the bucket, if Morgan had not called the bankers together and assessed them for certain amounts to steady the market and monetary conditions.

Now, Mr. Chairman, if the members of the convention want to be convinced or listen to a few words about the cost to the country of our present rigid currency system and what the government issues have cost, I can in a short time make some observations which I think bear upon the necessity of a change, the possibility of clearing houses incorporated under Federal Law and combining all the banking interests, meeting the wants of the country. Shall I proceed for five minutes? (Cries of "go on".)

In yesterday's Tribune their correspondent "Raymond", in his letter, writes as follows:

"Now, according to the computations of the treasury department, if the greenbacks January 1, 1879, had been funded into four per cent, thirty-year bonds and cancelled, the total cost to the government for both principal and interest up to July 1, 1907, would have been $741,897,340. They were not refunded, but it has been necessary to borrow money from time to time and they have been redeemed in gold over and over again, at a ruinous sacrifice, only to be reissued.

The result is, according to the treasury statement, that the cost of the greenbacks up to July 1, 1907, has actually been $1,081,881,562. It will thus be seen that the difference between the actual cost and the principal and interest if they had been converted into bonds, amounts to the enormous sum of $339,984,222."

I venture to say that if Hugh McCullough, Lyman J. Gage, or Franklin MacVeagh had been secretary of the treasury at the close of the civil war, in place of George S. Boutwell, who was not a practical banker, they would have used the great surplus resulting from the internal revenue tax, tax on income, stamp and other war taxes, in redeeming the demand issues of the government, instead of buying bonds. Our debt was over three billions at the time. It is now 48 years since the breaking out of the civil war, which brought into existence, after a long deliberation on the part of Secretary Chase and other statesmen, the issue of treasury notes after repealing the law permitting state bank issues.

The war was thus conducted on a depreciated paper basis rather than on a specie basis as England has conducted its wars for over one hundred years. Our own statesmen well knew that paper issues were a menace to stable financial conditions. They have been a menace from that time to the present. The Congress of the United States failed to make provision for the redemption of these issues and has not permitted their redemption to fall below three hundred millions. Later on a gold reserve of one hundred and fifty millions was carried in the Treasury against these issues. Congress limited the redemption of national bank notes to only three million dollars per month. Recently this limit has been increased to six million dollars per month. This has resulted in an inflation of the currency and great speculations and the demand issues of the Government have never been paid but are still outstanding at an expense to the Government as well as the people. In the early '70s an inflation of the currency by a further issue of greenbacks was demanded by a large and strong political party. An inflation bill passed Congress. General Grant vetoed this inflation measure—the most important act of his civil administration. After Congress had passed a bill for the resumption of specie payments in 1879, a bill was introduced later on, to repeal the resumption act. Since then one large party in this country was fairly hypnotized with the idea of silver issues.

We now have about one billion dollars of treasury notes, silver and silver certificates kept at par, simply by credit of the Government, fiat money, silver, and silver certificates. The demand obligations should be retired. Every dollar of currency issued should be issued on a business transaction, and the sole and entire currency issue throughout our country should be by banks or through clearing house associations, incorporated under a federal law. Incorporate your voluntary clearing houses under a federal law and let them do by authority of law what they now do by voluntary agreements. If the government will not give them permission, we shall have to do as we have done in the past, use clearing houses ouside of the law in steadying the situation.

I have taken up enough of your time but I have made observations so that when the matter of currency legislation is under discussion you can decide whether currency shall be issued solely by national banks and through clearing house associations incorporated under a Federal Law, a central bank, or something else. I do not speak affirmatively, I speak suggestively, that if it is not to be a central bank, certainly we ought not to go on as we are at present.

Now, as a practical question, how long would it take you and me in our own localities under the operation of the clearing house to judge the value of the assets which banks would deposit in securing Clearing House circulation? Can you get a small number of men in Washington to pass upon the value of bank assets which should be used in addition to deposits of gold, to secure a circulation which should have provisions for enforced periodical redemption?

I thank you for your attention.

NOTE—If Clearing Houses had the legal right to issue currency to meet the annual crop movement, or to prevent a panic, or meet any emergency which might arrise at such time, it would help to equalize rates of interest throughout the country and lessen speculative transactions on the Exchanges.

A Momentous Question:

SHALL

WE

MONETIZE

LAND VALUES?

A PLEA FOR RATIONAL MONEY.

The Continuous Prosperity League of The U. S. Urges the Adoption of the Holden Currency System, Namely: The Monetization of Land Values.

To American Electors:

Reflection justifies the declaration that the failure of enlightened nations to provide themselves with a medium for exchanging the products of labor without loss or hindrance; that is to say: *with a public circulating medium equal to the requirements of business;* is, beyond question, the most singular fact attending the growth of the human understanding, or the development of our civilization. Investigation discloses that the baneful effect of an insufficient money upon the destiny of mankind is beyond computation.

Throughout the civilized world money is, and ever has been, an article of *traffic*, as though it were a commodity. For centuries the usurer has experienced no difficulty in exacting from the followers of useful pursuits a form of tribute, called "interest," for the use of an available circulating medium.

Not only do the thoughtless millions literally impoverish themselves by paying tribute for the use of currrency, but the currency for which they pay tribute as individuals is the identical currency they collectively create at will, and issue *gratis*, to the financiers from whom they borrow it!

That society in the present stage of civilization continues to pay interest for the use of an exchange medium, without protest, is conclusive evidence of an astounding fact, namely:

That the most enlightened members of the human family, almost without exception, are profoundly ignorant of the true character of that important instrument of commerce known as—MONEY.

To justify this significant assertion is not a difficult task. Indeed, it is justified by the fact that the industrial and professional classes not only pay "interest" for the use of a legal-tender circulating medium, but they pay this tribute for the use of legal-tender *paper* as willingly as for the use of legal-tender *specie*.

There is, therefore, no gainsaying the fact that men are rare who perceive the absurdity of the practice of compensating the individual for the use of an *exchange medium*—the folly of which is exposed by the following reasoning:

Money is not a natural, but an artificial commodity. It is a legal-tender symbol; a paper or metallic device, created by government, and issued *gratis* against individual wealth for the convenience of the recipient and for the benefit of society to whom it is a necessity.

All existing money was gratuitously issued. Under our fiscal system the money symbol is issued to the recipient gratis against bullion values. It is issued gratis against certain bond values. And it should, and it will be issued gratis against land values so soon as a majority of American electors shall intelligently demand it.

The money symbol being a necessity in our daily business transactions, financial difficulties among the many, and AN UNJUST DIVISION OF PRODUCT, unavoidably follow the failure of government to provide this essential in sufficient volume.

Query:- What is a "sufficient" volume of money?

The sufficiency or insufficiency of a nation's currency is evidenced by the presence or absence of an interest charge for its use. A circulating medium commands "interest" in the market for the single reason that the gratuitous issue is less than the amount required for business purposes.

That poverty among the industrious is due to an insufficient public currency is proven by the fact that we pay yearly for the use of a symbol for facilitating exchanges many millions of dollars in excess of the annual increase in national wealth as shown by the census.

The interest we pay directly as borrowers is but a fraction of what we pay indirectly as consumers—interest being an ingredient in the price of every article we eat and wear and use.

Thus the profits of industry now go to the interest-taker for the use of an exchange medium—and why? Because the government's issue of the money symbol is unwisely restricted by law to the owners of two favored forms of wealth, namely, bullion and national bonds.

THE TRUTH IS:

We are not yet wise enough to know how to avoid the exactions of the usurer. With the acquisition of this knowledge, poverty among the industrious will disappear. We are a nation of perpetual tribute-payers, because—

We assume and believe that interest for the use of money is legitimate compensation for the use of capital!

This is an unwaranted assumption. A fatal error.

MONEY IS NOT CAPITAL. It is a symbol — the legalized *equivalent* of capital; a fine but vital distinction; a vital distinction because: if money is capital, then interest is justifiable, for capital is the product of labor. On the other hand, if money is but an invention for paying debts, which also serves as a circulation or exchange medium for that reason—because it will pay debts—then interest is tribute, because money is a creation of law—made plentiful or scarce at the pleasure of the government—a convenience which commands "interest" in the market because of its inaccessibility and insufficiency.

WHAT WE NEED TO KNOW IS:

That full legal-tender paper is real money. We need to understand that wealth (any product of labor) may be monetized by the certificate process as effectually as gold is monetized by the coinage process. We need to perceive that a man's land may be utilized for currency purposes as well as his gold, his silver, or his bonds. We need to realize that there need be no dearth of money where there is no dearth of wealth—because money is monetized wealth.

While the proposition to monetize land values is novel, it does not violate the principle of our present currency system. It merely extends the monetizing privilege to a form of wealth which, heretofore, has been denied the right, but which, because of its sufficiency, is better adapted to serve as a basis for the issue of legal-tender paper than either bullion or U. S. bonds which now exclusively enjoy the monetizing privilege. It is but a further realization of certain enduring economic truths, to-wit:-

1. Money is an authorized symbol of property value—nothing more.
2. A nation's money supply should equal the needs of business.
3. To "coin," to "issue" and to "regulate" the issue of legal-tender currency is a sovereign power.

Therefore, it is the paramount duty of Congress to provide a *sufficiency* of legal-tender currency which, under proper regulations, shall be as accessible to the users of money as it now is to the lenders of money.

While a charge for the use of property is justifiable, there is no justice in requiring the *owners of property* to pay the individual for the temporary use of its symbol--a symbol essential to commerce; an indispensable device created by society without cost.

The monetization of land values by the certificate process is a just, safe, and feasible way to provide a sufficient national currency.

It is a method of issuing money which will gradually and without disturbance eliminate the interest factor from commerce.

It will make 50 per cent of the nation's wealth available for currency purposes instead of 3 per cent as provided by our present policy, and thus free labor from the impoverishing exactions of the usurer.

It is not class legislation because the act—by providing an adequate volume—will reduce the cost of currency to all citizens alike.

The monetization of land values will not disturb prices because the increase in the currency will not augment the actual circulation which now consists of money and various credit devices. It will simply substitute national currency for the expensive bank-credit expedient which comprises four-fifths of our present circulating medium. It will improve our facilities for obtaining legal-tender in exchange for security without injury to anyone.

Full legal-tender currency being at all times readily convertible into the various forms of wealth, it is evident than such a currency—a convertible currency—need be redeemed in no other manner than a nation redeems its coin, by honoring it; by receiving it in payment of debts, taxes, wages, etc.

The monetization of land values —by providing an adequate volume of money—will check, if it will not altogether reverse, the present tendency to abandon land culture for the employments and diversions of the city. It will add new dignity and honor to agricultural pursuits; stimulate, encourage and develop new enterprises; greatly reduce our rapidly increasing dependent class; render all forms of industry more profitable, permanent, and attractive; restore purchasing-power to the many; and constitute a perpetual guaranty of the stability and permanence of our free institutions.

Finally, the monetization of land values will rid us of an interest-yielding bank-credit circulation; of a profit-bearing exchange medium; the stealthy despoiler of industry—the handicap of enterprise—the progenitor of debt—the unrecognized cause of poverty.

Mature reflection justifies the conclusion that the act will rid the world of USURY—"the thrall of civilization that keeps nine of every ten men poor."

Realizing the blighting effect upon our fortunes of an interest bearing exchange medium, we earnestly urge Congress to so amend our monetizing law as to make national currency as accessible to the owner of productive real estate as it now is to the owner of national bonds.

When we shall have thus provided ourselves with a legal-tender currency equal to our needs, we will have avoided the demands of the usurer, and justified Jefferson's confidence in man's capacity for self-government.

THE CONTINUOUS PROSPERITY LEAGUE OF THE U. S.

CHAS. M. BICE, Pres't.

ALBERT TALMON MORGAN, Sec'y.

Denver, Colo. January 1907.

"THE DISTURBING FACTOR IN HUMAN AFFAIRS"

is the suggestive title of a 25c pamphlet of which an American economist, James D. Holden, of Denver, is the author.

The modern student of money will take up this book with some misgivings, at first, suspecting that he is being inveigled into "the latest populistic screed" about money. As he reads on, however, he will find that Mr. Holden is not "a fiat money monomaniac;" that he is not only an original writer, but, also, that his arguments for a radical change in our monetary system are conclusive on two points at least, viz: That men are rare who can afford to be without a knowledge of what it really is that constitutes the disturbing factor in human affairs; also that in an original and conclusive argument he demonstrates with invincible logic that the cause of poverty among an industrious producing people is the ignorance of mankind generally of money—its origin, function, and utility as the commanding factor in our complex civilization.

But Mr. Holden does not stop here. On the contrary he proceeds with an inexorable pertinacity to lay bare the fact that ignorance is alone responsible for any lack of a circulating medium equal to the demands of business, and that this ignorance is as common among the rich as among the poor.

Unlike all other writers upon this fascinating subject, Mr. Holden proposes a remedy that he is able to defend, and does defend with the same convincing power, and demonstrates conclusively that the adoption of his remedy will enable us to get rid of interest for the use of money, and thus rid ourselves of that which keeps nine of every ten men poor.

READER!

If you favor the proposal to monetize land values—*notify your congressman of the fact.* Send him this leaflet. He is the custodian of your political power. He draws a salary for serving you. Do not wait for him to anticipate your wishes. Tell him what you want.

If you are in doubt as to the wisdom of the proposal, secure a copy of the Holden argument. Study it. Inform yourself as to the merit and possibilities of this simple remedy for poverty. You cannot afford to neglect this duty. The argument will enlighten you. It is a revelation. It anticipates and answers your every objection. Its teachings favor your interests. Relief is possible through individual action along the lines suggested. It will come in no other way.

The result you crave will follow the dissemination of this wholesome idea!

Help disseminate it! Do your part! It will bring *results!* If you can afford it, reprint this document and distribute it far and near among your relatives and friends! Do it now! It will PAY! It is the way out!

The millions are poor because ignorant of the nature of money!

Sent Speech

(Reprinted from THE AMERICAN REVIEW OF REVIEWS, January, 1908.)

CURRENCY REFORM: A CENTRAL BANK.

BY ROBERT EMMETT IRETON.
Associate Editor, THE WALL STREET SUMMARY, New York.

BANKERS, business men, and legislators all agree that our bond-secured currency system is defective, unscientific, and inelastic, yet they are unable to unite on a substitute possessing the simple, primary essentials of safety and elasticity. That we are committed to-day to a currency system which owes its inception to the necessity of finding a market for Government bonds many years ago, is due principally to the apparently irreconcilable conflict in banking opinion. This Congress has been quick to use as a foil to defeat almost every request for remedial legislation. It is a patent fact that bankers are not in accord on this issue and that their views are strangely divergent. Indeed, in many cases, they are confused and elementary, and not a few bankers admit their inability to discuss the issue at all.

JOINT CURRENCY COMMISSION.

This tends to explain the fact that, practically, the first concrete effort of our bankers to amend our currency system dates only from 1906, when a currency commission, consisting of appointees of the American Bankers' Association and of the New York Chamber of Commerce, met in Washington and formulated a plan for presentation to Congress in December of that year. The measure failed to pass, but the incident marks the beginning of unity and concurrence on this issue among our financiers. At that, the plan adopted did not represent the views of every banker in this country, nor does it to-day; but it carried with it the prestige of the only representative organization of the nation's bankers, and as such compelled the attention of Congress. That body, with characteristic resiliency, passed the Aldrich "relief" bill and shelved the emergency currency plan of the commission.

BEST-KNOWN RELIEF PLANS.

Other suggestions for monetary reform of recent date are those of the New York Chamber of Commerce, former Secretary of the Treasury Leslie M. Shaw, United States Treasurer Charles H. Treat, and Representative Charles N. Fowler. The Chamber of Commerce favors a central bank, and, as an alternative, a plan for asset currency. The Fowler and American Bankers' plans advocate emergency credit currency. The Treat plan, a bond-secured emergency note system, and the Shaw proposal emergency circulation. These are the best-known and most widely-advocated measures, and briefly epitomized are:

American Bankers' Plan: Providing for an "emergency" credit currency by permitting any national bank, actually engaged for one year, and with a surplus of 20 per cent. of its capital, to issue additional notes without security equal to 40 per cent. of its bond-secured circulation, subject to a tax of 2½ per cent. per annum on the average amount outstanding; and a further amount, equal to 12½ per cent. of its capital, subject to a tax of 5 per cent., etc.

Central Bank: Providing for a central bank of issue, with capital of not less than $50,000,000, to carry a large reserve of gold, and act as custodian of the Government's metallic reserves, as its agent in redeeming all kinds of money, as its receiving and distributing agent, doing at its branches the work now done at the Sub-Treasuries, and to deal exclusively with banks. The plan provides for stock ownership of this bank in part by other banks and in part by the Government, but vests its management exclusively in the Government.

Chamber of Commerce: Providing for the issuance of additional notes equal to 35 per cent. of its capital by any national bank whose bond-secured circulation equals 50 per cent. of its capital stock, subject to a graduated tax of from 2 per cent. to 6 per cent., according to the amount of additional notes taken out.

Treat: Providing for a bond-secured emergency note system, in contradistinction to a credit currency system. Under this plan national banks would be empowered to issue 50 per cent. of their circulating notes on security other than Government bonds, and the same would be retired in four, six, and eight months from September 1 of each year.

Fowler: Providing for a credit-currency system through permitting national banks to convert bank-book credits, or deposits subject to check, into bank-note credits, or credit currency.

Shaw: Providing for "emergency" circulation by national banks up to 50 per cent. of their capital without a deposit to secure its redemption, but subject to a tax of 5 per cent.

CRISIS INTENSIFIES REMEDIAL DEMAND.

Since the fall of 1906 the question of currency reform has been the leading subject for discussion in bankers' conventions. In the majority of cases when prominent financiers delivered public addresses throughout the country the same issue was selected. Magazines and newspapers in the same period have given generous space to this vitally important issue, and even some Senators and Representatives had been heard to concur in the general demand for currency remedial legislation. All this, however, is as nothing compared to the effect of last November's distressing experiences. Bad banking and a defective currency system were largely responsible for our crisis, if not its precipitating causes; hence, to-day, from every section of this country the demand is universal for legislation that will reduce to a minimum the dangers of the prevailing system and give us instead an elastic and liquid currency. President Roosevelt has urged upon Congress its duty in this respect, and has assured us that we may expect a permanent and substantial measure of relief.

So we find the people and the press practically a unit on the question of currency amendment, but not certain, by any means, of the form of the appropriate remedy. Bankers profess to be equally perplexed, and it is entirely probable that Congressional relief, following the line of least resistance, will come in the shape of another compromise and satisfy none. Of the plans outlined, the American Bankers', Fowler, and Chamber of Commerce recommendations seek to preserve our present bond-secured bank notes, and would extend circulation through the medium of bank-credit currency in order to provide the needed elasticity. Collateral security for such note issues is not required under any of these plans, but taxation is relied on to force their retirement when not longer needed, and in case of a failure of a national bank such note issues would be redeemed by the United States Treasury, which would recoup itself, in turn, from the redemption fund created by the tax imposed on such circulation, and from the assets of the failed bank. The Shaw proposal favors emergency circulation unsecured but heavily taxed, and the Treat plan (an adaptation of an idea of former Secretary of the Treasury Chase) opposes credit or emergency currency, and would establish a bond-secured emergency note system. The ultra-conservatives favor the Treat suggestion.

Diametrically opposite to all of these is that of the central bank. Tentatively offered by the Chamber of Commerce, in the fall of 1906, as a probable remedy for our currency dilemma, it received but passing notice. Indeed, its own advocates had an alternative, aforementioned, at hand when they proposed it. Nevertheless, the increasing discussion of our financial problem brought it to the attention of the public, particularly in the last three months, and many prominent bankers and certain of our most influential newspapers unhesitatingly endorse it. Perhaps some idea of its strength may be gathered from the following demonstration.

RESULTS OF A CURRENCY POLL.

Within one month, the writer personally conducted a currency poll of the presidents and cashiers of leading banks throughout the country, for a leading financial newspaper. New York City was not included. A ballot was prepared containing an outline of the plans aforementioned and mailed to several hundred bankers, with the request that they indicate their preference, assign their reasons and return to sender. The results were most surprising and unexpected. Replies were received from almost 400 voters in thirty-three States. The Central Bank of Issue plan led the poll, receiving 33 per cent. of all the votes cast, and the plan of the American Bankers was second, having been favored by 29 per cent. of those balloting. The Shaw, Treat, Chamber of Commerce, and Fowler plans followed in the order named, and, combined, did not equal the vote of either of the dominant recommendations. In addition, it is worthy of mention that fourteen voters rejected all plans and sixteen submitted original solutions for this perplexing issue.

The voters were representative men, and the vote as a whole may be assumed to be a fair reflex of banking opinion on currency reform. It was unquestionably the only vote ever taken on all the current plans outlined, and probably the heaviest ever recorded in favor of a currency measure. It is asseverated by those present and participating, that the resolutions on currency reform passed in the Atlantic City convention of the American Bankers' Association last year were put to a vote when there were not more than 100 delegates present and voting. The poll referred to quadrupled that result; and it can be claimed, moreover, that never in a convention was the same opportunity for deliberation and individual expression of opinion given a banker as in the privacy of his office when considering the newspaper ballot aforesaid. From the results of this poll two facts are clear: The marvelous spread of sentiment in favor of the central bank and consequent recession of the American Bankers' plan, and the deeply rooted divergence of opinion among bankers. The fact that fourteen should reject all six plans, and likewise that sixteen should submit new plans shows the confusion and uncertainty, not to say empiricism, prevalent in the ranks of our financial fraternity.

CENTRAL BANK'S ADVANTAGES.

Emergency currency based solely on a high interest rate is undesirable, and, at best, a palliative. What we want is an issuance of properly protected bank-credit notes to insure elasticity; rediscounting facilities; control of the discount rate; and the prevention of soaring interest rates. These, and more, a central bank will furnish. Such an institution would deal exclusively with banks, receive and disburse Government moneys, act as Government agents in reducing paper money, issue currency, and rediscount for banks. It would serve as a buttress for the national banks and as a sanctuary in times of panic. It would prevent the hoarding of Government money in the Treasury vaults by acting as its custodian, and it would terminate the periodic appeals of the money market to the Treasury for relief. By dividing its stock among the national banks of the country in proportion to their capital its relation to each would be uniform, and through the constant changing of its paper its assets would be available always and its assistance to business constant. Moreover, it would eliminate the Sub-Treasury system, and prevent inflation and contraction, liable to follow the Government's disbursements and collections, by keeping the nation's money at the disposal of trade and commerce.

We have no banking system to-day. Each bank is an independent unit, playing a "lone hand" in the game of finance, and with never a thought of its relation to the system as a whole. This may lead to disaster. When banks realize that suspicion is lurking in the public mind, they become suspicious of one another and hurriedly attempt to amass reserves. This was the case last November and led to gigantic hoarding by the banks, to the utter paralysis and confusion of business and banking. Under a central bank this would not happen, for the latter, possessing the right to issue credit bank notes, could regulate its issuance automatically and precisely through its relations with all the other banks, thus meeting every demand, extraordinary and otherwise.

CLEARING-HOUSE CERTIFICATES INADEQUATE.

Clearing-house certificates are our only recourse under present conditions, but however serviceable to banks, as a means of defense in a currency famine, they lead to chaos in business. Domestic exchange is halted. Collections and remittances cease. Business men can neither make remittances nor avail themselves of their bank accounts, and are forced to suspend through no fault of their own, but through the total insufficiency of our financial machinery, which proves inadequate to the strain to which it is subjected. What is the inevitable result? Depression, blighting and lingering, which must continue to visit us so long as the Government takes no step to prevent panics, but leaves to the bankers themselves the task of devising ways and means to arrest them as often as they occur. Were a central bank established the case would be different. Bank-credit notes of such an institution, responsive to the demands of business, expanding and contracting readily, would replace the certificates aforementioned, insuring steadiness and safety to the merchant, the depositor, and the banker alike.

Every country in Europe has a central bank, and the Bank of England, Bank of France, and Imperial Bank of Germany, or Reichsbank, are pertinent illustrations of worth and service. Japan copied our system thirty-five years ago, but later discarded it for the central bank. We alone among highly civilized peoples have no such institution, and to profound political prejudice, that is absolutely without foundation, must responsibility therefor be ascribed. It is a melancholy commentary on our character and an admission of our inefficiency, that we are unable to adopt for our financial ends a method so helpful to other countries. A bill for a central bank is now before Congress, having been introduced in the Senate by Senator Hansbrough, and this may force the issue. Certain it is,—as shown by the currency poll above referred to,—the traditional prejudice of the Jacksonian era against a central bank is disappearing with the years.

Hamilton & Cunningham

BANKERS

Hoopeston, Illinois

OBJECTIONS TO THE ALDRICH BILL

MY DEAR SIR:—

I wish to call your attention to a few of the glaring defects in the "Senate," or "Aldrich Bill" that is now proposed as a panacea for panics.

FIRST—It will discredit any National Bank putting out such notes or even paying them out over their counters.

SECOND—This bill will not expand and keep pace with the growth and development of the country.

THIRD—It would give us at this time only $139,070,413.14 additional or emergency circulation instead of $250,000,000.00, as its authors announce, tying up an additional reserve with the 6,000 National Banks that can never issue these notes to the amount of $110,929,586.86, depriving them and their customers of credits amounting to $554,647,934.30 and as the business and commercial wealth of the country increases the amount of emergency circulation benefits will decrease.

FOURTH—The time such notes shall be issued and the amount of issue is too great a responsibility to be placed on any one man.

FIFTH—The securities to be taken at 75 per cent. of their market value as a basis for circulation, and in case a bank should fail and the government not realize 75 per cent. of the value of the securities, which being a certain class of designated securities bearing a higher rate of interest would command a greater premium and be subject to a greater shrinkage in value during a panic. The deficit would be a first lien upon the assets of the bank to the detriment of its creditors.

SIXTH—Under this bill a bank with a capital of $10,000,000.00, and a surplus of $10,000,000.00, may be permitted to issue $20,000,000.00 of Aldrich notes and $10,000,000.00 of bond secured notes by depositing the amount of its capital in United States Bonds at a premium of 4 per cent. or $400,000.00 and $26,666,666.60 of other securities or $27,066,666.66 taken from the the assets of the bank. Would this inspire public confidence in the bank issuing the 6 per cent. Aldrich notes which under the most favorable circumstances cannot be issued at a less cost than 8 per cent?

SEVENTH—Under Section 4 of this bill the tax received by the United States Treasury on the Aldrich notes is not to be used as a guarantee fund to redeem these notes, as many are led to believe, but is for the redemption of United States and other notes.

EIGHTH—Under Section 9 of this bill it may be so construed that bond secured notes may be retired before the other notes if for any reason the Comptroller of Currency or Secretary of the Treasury might deem it advisable. This should not be permitted.

NINTH—There is danger of inflation through carelessness of redemption of the Aldrich notes by the payment into the treasury of lawful money by the banks wishing to retire these notes and this money deposited with some depository bank pending the return of these notes. Such money should be kept in the United states Treasury.

TENTH—The country banks have been criticised for hoarding cash and yet under Section 8 of this bill they are required to increase their legal reserve on hand from two-fifths to two-thirds of of 15 per cent of their deposits, thus locking $110,929,586.86 additional money.

ELEVENTH—The security for the Aldrich notes is United States bonds and certificates, railroad bonds (not street railway) paying 4 per cent. on entire capital for five years past, City or County bonds of communities 15 years in existence that have not defaulted for ten years in the payment of principal or interest, with a population of 20,000 as per last census.

Banks cannot be expected to carry U. S. bonds, if this measure becomes a law, as they will not do it now. Had they done so we would have more circulation than this bill provides for.

I have no means of knowing, but dare say that there are not a half dozen railroads in the U. S. whose bonds could be accepted under this measure.

There are but 232 cities in the United States with a population, according to the last census, of 20,000 inhabitants or over, and how many of that may have defaulted in payment of either principal or interest during the past ten years we have no means of knowing. Under this measure there are 13 states and territories that do not have a city of 20,000 in them, and the following is the number of such cities in each state:

Alabama	3	Kentucky	5	North Carolina	2
Arkansas	1	Louisiana	1	Ohio	15
California	5	Maine	3	Oregon	1
Colorado	3	Maryland	1	Pennsylvania	20
Connecticut	7	Massachusetts	28	Rhode Island	4
Delaware	1	Michigan	9	South Carolina	2
Dist. Columbia	1	Minnesota	4	Tennessee	4
Florida	1	Missouri	5	Texas	7
Georgia	4	Montana	1	Utah	1
Illinois	12	New Hampshire	3	Virginia	6
Indiana	8	Nebraska	3	Washington	3
Iowa	10	New Jersey	15	West Virginia	1
Kansas	4	New York	20	Wisconsin	8
					232

After carefully considering this how many members of congress are there who have not a city in their district that could furnish such bonds, and why this discrimination against the smaller cities? Why is this measure so drawn that only a limited few railroad securities are acceptable, and why are the securities confined to such a limited list?

The securities required are such as are not carried by scarcely a bank of the country class, or those required to carry a 15 per cent. reserve, and if this bill should become a law, instead of being of any benefit to them it would be a positive detriment as compared with the present law, and instead of preventing a panic, when its provisions are understood, it would more likely cause one, and leave the country banks entirely at the mercy of their customers with an additional handicap in the way of a reserve and a surer chance for federal imprisonment for violation of the National Banking Act.

If the members of congress have the interest of their constituents at heart, and their future, they will vote NO on this measure, as its passage would be worse than no legislation.

Yours truly,

JOHN L. HAMILTON.

THE NATIONAL CITIZENS' LEAGUE
For the Promotion of a
Sound Banking System.

TO THE EDITOR:

The accompannying news matter is sent you for publication not earlier than Monday, October 16.

THE NATIONAL CITIZENS' **LEAGUE.**

Straus Says People Must Reform Banks

New York Merchant Believes Congress, Not Bankers, Should Do Work.

TAKES ISSUE WITH J. J. HILL.

NATIONAL RESERVE ASSOCIATION, HE SAYS, MUST BE KEPT OUT OF HANDS OF POLITICIANS AND WALL STREET.

New York, Oct. 15.—"Mr. Hill of the Great Northern Railway admits that we have a panic-breeding banking system, but he asserts that the Congress of the United States has not the intelligence to work out the reform that the business men of the country are demanding. This, it seems to me, is an astounding statement. I believe the great majority of the people of this country are ready to leave this vitally important, non-partisan work of reform with Congress, confident that it will be performed for the good of all the people."

Isidor Straus, the big New York merchant, treasurer of the New York State branch of the National Citizens' League, thus answered James J. Hill's Springfield, Ill., speech:

"A sound banking and currency system is one of the foundations of national prosperity," continued Mr. Straus. "Mr. Hill says we have an unsound system. But he thinks it should be made sound by the bankers, and not by the people through their Representatives in Congress. If we wait for the bankers to give us a modern banking and currency system, we will have another panic as disastrous as that of four years ago this month.

"The millions of men who work in the productive industries of this country, whether as merchants, manufacturers, farmers or wage-earners—the men who have suffered from our panic-breeding banking system—are going to demand that this reform be effected by them and in their interest, rather than by the bankers, as Mr. Hill would have it.

"It is a problem that touches too closely the welfare of every citizen to be left to a few thousand bankers for settlement. The fight for sound money was fought and won by the people; so must be the fight for sound credit. And I believe the bankers of the country are ready to take counsel with business men."

Mr. Straus said he was glad to see a man of Mr. Hill's great business ability criticize the proposed plans for a co-operative banking association. Only by a frank discussion, he said, could the reform be effected for the best interests of the country. He agreed with some of Mr. Hill's criticisms.

"Mr. Hill says a National Reserve Association would be a fine thing for the country if it could be kept free from politics as Mr. Hill would have it.

"It is a problem that touches too closely the welfare of every citizen to be left to a few thousand bankers for settlement. The fight for sound money was fought and won by the people; so must be the fight for sound credit. And I believe the bankers of the country are ready to take counsel with business men."

Mr. Straus said he was glad to see a man of Mr. Hill's great business ability criticize the proposed plans for a co-operative banking association. Only by a frank discussion, he said, could the reform be effected for the best interests of the country. He agreed with some of Mr. Hill's criticisms.

"Mr. Hill says a National Reserve Association would be a fine thing for the country if it could be kept free from politics and ambitious financiers," he said. "I agree with him but I believe that we will have little difficulty in keeping dangerous influences out of such an association. The business men of the country, banded together in the National Citizens' League, are going to make a strenuous fight against any banking reform plan that does not eliminate political and Wall Street control of the credit machinery of the country. We all know now that our present system encourages ambitious politicians and financiers to seek command of the credit machinery. If we are going to prevent the rise of a money trust in the United States, we must reform our banking system."

Mr. Straus said we were far behind other great commercial nations in banking and currency.

"This is now the only country in the world where they have money panics," he said. "Do you know that the same conditions in this country as existed in Germany in the past few weeks would have caused a panic? A war scare swept over Europe. French capital suddenly withdrew from Germany. The Bank of Germany rapidly increased its loans by $240,000,000, and lost at the same time $60,000,000 cash. It met the emergency by increasing its note issue by $200,000,000. In the last week of September the Bank's available resources suffered the enormous loss of $200,000,000. Here, in times of peace, we have panics resulting from a much less violent strain on our banks. But Germany has had no panic because she has a sound banking system.

"The United States ought to be the credit center of the world. Instead, we are years behind Europe, struggling along with an archaic banking system."

THE CURRENCY QUESTION.

Is the problem of a **sound, honest, ever-stable currency** really as complex as "financiers"(! ! !) would make it appear? No, emphatically NO! When "balance of trade" (so called) and other irrelevant matters ad nauseam which would-be financiers, either ignorantly or wickedly, inject into the discussion of the Currency Question are eliminated by the art of cancellation (wisely and honestly applied—as can be so quickly done with the inheritance problem below) plain people will understand the highly important subject, readily and thoroughly.

The subjoined simple suggestions present the true basis of a sound, honest currency, a currency as nearly perfect as anything of human devising can well be and as far superior to that which we now have as direct sunlight is superior to the reflected light of the moon:

1st. National Governments (ONLY and singly) have power to coin money. Neither individuals nor corporations can co-operate in the discharge of this highly important function—not even in the slightest degree. The act of coining under the laws, makes money a legal tender within the National domain. Such money may be received and paid out in other countries, of course, but its acceptance in cancellation of debt cannot be enforced by the Government which coined it, not even so far as one hundred feet outside of its own domain. This has always been the case. It is not desirable to have it otherwise.

2nd. Money coined by a Government cannot be uttered (without fraud) for any purpose whatsoever, other than in payment of obligations incurred by itself.

3rd. So long as Government finds it necessary to levy taxes it can never justly lend money (or its credit in any form) to any individual or private corporation whatsoever. It can, however, justly disburse money, largely, for genuine public improvements, throughout the realm.

4th. In practice, paper has been found thoroughly-well adapted for use in coining money. The volume of such money, when uttered in abundance, may find **automatic** (hence, perfect) adjustment in **exact** accordance with the "Currency Needs of Commerce," through free interchangeability at **holder's option** (preferably) in sums of one thousand dollars and multiples thereof with bonds of the Government—such bonds bearing an equitable rate of interest, say, 3 or 4 cents per day on each $1,000.

Unless the volume of currency is made **automatically** adjustable, as suggested, to meet the requirements of business **every day**, the adjustment thereof cannot be suitable for a civilized people. The dictums, of any (self-appointed, or otherwise appointed) thousand or ten thousand men of the United States regarding the volume of currency actually outstanding and the per capita currency needs of the other 84,990,000 deserve NO consideration.

Until each one of the 84,990,000 is permitted to decide whether to hold currency or a bond of the Government in lieu of currency at his pleasure, currency legislation will remain inexcusably faulty and positively unworthy of a civilized people.

HOW MUCH DID THE DISSOLUTE SON INHERIT?

A certain man had four sons and three charming daughters. While this man was not so rich as Andrew Carnegie, he was very wealthy. One of the sons was dissolute and reckless. In many ways this son brought disgrace upon the family. Finally the father, becoming exceedingly angry, disowned the dissolute son. In his will the father bequeathed to his son an amount equal (in dollars) to the product of the following figures when duly multiplied:—$16 \times 7\frac{2}{3} \times \frac{7}{16} \times 1\frac{3}{5} \times 1.25 \times 8 \times 2\frac{2}{7} \times .0625 \times 100 \times \frac{10}{13} \times \frac{5}{8} \times \frac{4}{5} \times .01 \times \frac{3}{23} \times .125 \times 1\frac{3}{10} =$ The inheritance. The inheritance = ?

ABSURD?

Yes, the foregoing as a mere statement of a simple fact is absurd—very absurd in form and detail. It is almost as absurd by way of circumlocution as the twaddle some men utter regarding the Currency Question. And yet, a valuable hint lies underneath it which a mathematical solution should bring to the surface. Children 12 to 15 years of age, who have wrestled, successfully, with problems involving the multiplication of fractions, can readily dispose of the absurdities by the art of cancellation and thus accurately determine the amount of the bequest—after a very few moments consideration.

FROM THE N. Y. MERCANTILE JOURNAL, JULY 3, 1865.

The Science of Money Briefly Set Forth.

"In the **interchangeability** (at the option of the holder) of **National Paper Money** with Government Bonds bearing a **fixed*** rate of interest there is a subtile principle that will regulate the movements of Finance and Commerce as accurately as the motion of the steam engine is regulated by **its** 'governor.' Such **Paper Money Tokens** would be much nearer perfect measures of value than gold or silver ever have been or ever can be. The use of gold or other merchandise as money is a barbarism unworthy of the age. —WALLACE P. GROOM."

"*Subject to change after due notice."

Food for Serious Reflection.

If ONE dollar be invested and the interest added to the principal annually (**not** semi-annualy, as in Savings Banks), the following results, as the accumulation of **one hundred years:**

$1,	100 years,	at 1	per cent.	per annum,	$ 2¾
do	do	3	do	"	19¼
do	do	6	do	"	340½
do	do	12	do	"	84,675
do	do	24	do	"	2,551,799,404

☞ Legislation GREATLY needed NOW—1908

The enactment of a law simply **directing** the issue of bonds by the Government, as indicated above, would benefit the 85,000,000 people of the U. S. to the extent of hundreds of millions of dollars annually. It would also permanently settle the currency question, and upon the ONLY **honest** basis. Very important **truths.**—W. P. G.

TO THE EDITOR:

In the following article, published in THE WALL STREET SUMMARY, what is believed to be a practical suggestion looking to the gradual restoration of confidence in business circles is made. Should you use any portion of it, or comment on the idea, kindly give instructions to have a marked copy of your paper sent to THE WALL STREET SUMMARY, 40 Stone Street, New York.

Publish Bank Investments!

In commenting on the necessity for reform in certain matters closely related to speculation in our issue of yesterday, we emphasized the urgency of exacting from State and National banks full reports of the securities in which they invest to the end that the people might be advised of their transactions and be furnished with the same information that at present is only open to the bank examiners in the case of State and National banks. We pointed out that in this State savings banks and fiduciary institutions were obligated to furnish such information to the State Superintendent of Banking, and we recommended the extension of that rule to State and National banks, in the interest of the institutions and their depositors as well as in the interests of the public at large.

We believe that the extension of such a policy to the banks in question would be of the greatest service to such institutions and would accomplish more in regard to a restoration of confidence and public reassurance than any of the projected reforms that have come under our notice. One of these aims to secure a Governmental guarantee of National bank deposits, and this suggestion has been amended to include State guarantees for deposited funds in State banks. Obviously these proposals are not tenable. Aside from the undesirability of making our National and State governments partners in our banking undertakings, the element of paternalism involved therein is decidedly opposed to the spirit of our American institutions. Indeed, as a corrective or disciplinary measure for those entrusted with a bank's management the guarantee proposal is entirely inadequate.

This is the root of the matter. If a bank's, like an individual's, investments are sound, its successful operation is measurably assured. If on the other hand, its holdings are speculative in character, and uncertain in value, its service to the community is greatly impaired and its stability weakened. We know full well from the revelations of last October in this city the losses incurred through ill-advised investment by certain of our banks—investment which, in particular cases, was absolutely indefensible. If anything could emphasize the necessity for a reform such as we are endeavoring to point out, the experiences of the recent panic should do so potentially. Bankers from the very nature of the trust reposed in them should be held to the strictest accountability. As a class, they are men of scruple and honor, but like every other line of human endeavor banking is not without its sordid side, its weaklings, its speculators.

While left to themselves to deal with a bank's investment funds the latter invariably exercise poor judgment, and not infrequently yield to downright temptation. So, we find in the bank's strong box when the crash comes and the notice of suspension is tacked on the front door, worthless paper and wildcat securities, where there should have been income yielding certificates. In many cases we find the "paper" of the bank president or securities of properties controlled by himself or his "friends." This is particularly true of "one-man" banks and bank "chains." For illustration: Devlin and Walsh in the West; Hipple in Philadelphia; and Heinze and Morse in this city. To what extent the conditions of our present system may have attributed to the downfall of these men, as well as to the institutions wrecked by them, and the consequent financial losses to thousands of trusting depositors, must be problematical; but, certain it is, such cupidity and weakness would be measurably restrained under the policy of publicity within recommended.

Banks that have nothing to hide could have no reason to oppose a regulation for the publication of their investments, and those, perchance, who may have cause to do so through mismanagement, or speculation, or abuse of trust, would be stripped bare and shown to the public in their true light. Is it better to know a bank's holdings before or after a panic? To our readers we will leave this question, and on their answer stake the justification for our recommendation. Publicity is the purifier of business, the regulator of civic and political institutions. It's the people's reliable, never-failing weapon and it should be given a larger part in governing their banks.

All the banks of the country are tributaries of Wall Street—the centre of investment. They, or the majority of them, gather up the idle funds throughout the country and send them to Wall Street for investment, whence they make their way into the channels of business and enterprise. Between the Street and the banks is there an indissoluble connection, and by parity of reasoning, between the banks themselves. Is it not time to take some decisive step toward real, toward constructive, toward reformative reform in regard to banks? Talk is cheap and crusades against speculation are periodic and harmless. They are ephemeral. What we want is something lasting and substantial. A law embodying the SUMMARY's suggestions would serve such a want and go far to allay public distrust and suspicion. Publicity is not the chief weapon of government: it *is* government today.

The Reserve Association of America

(CHARTED)

COMPLIMENTS OF

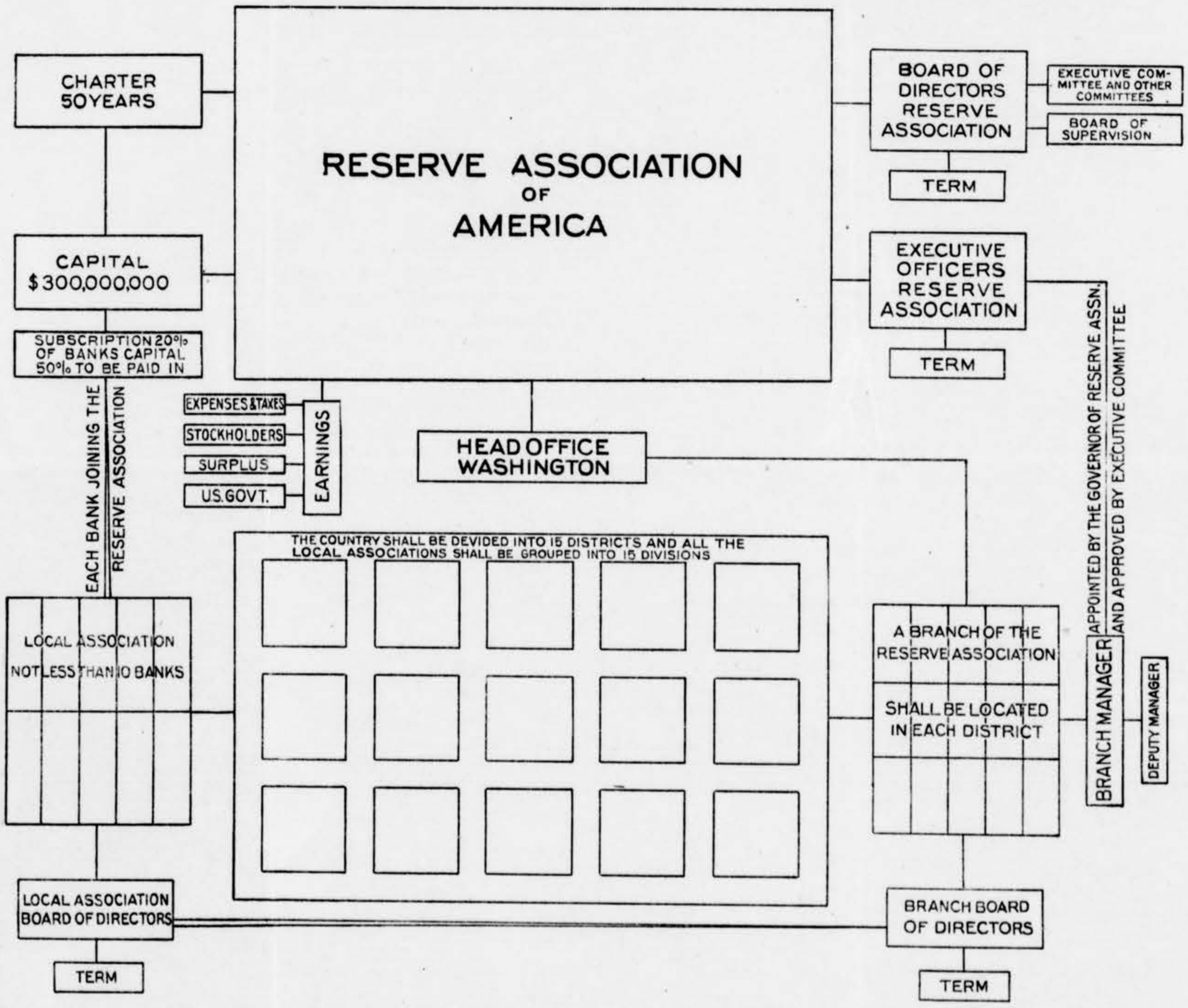
THE FINANCIER

NEW YORK

Senator

7.

Chart Showing the Organization of the Reserve Association of America, Proposed by Senator Aldrich and Submitted to the National Monetary Commission



Prepared for The Financier by Henry Dimse, Second Vice-Pres., Greenwich Bank, New York

Complimentary
Very truly yours
Henry Dimse

CHART OF THE RESERVE ASSOCIATION

THE accompanying chart showing the organization of the Reserve Association of America has been prepared for The Financier by Henry Dimse, second vice-president of the Greenwich Bank of New York. It shows most graphically just how the plan would work out in detail and will undoubtedly be of great value in enabling the average banker to follow the current discussion on the subject. The following matter is explanatory of the chart:

1.—It is proposed to charter the Reserve Association of America, which will be the principal fiscal agent of the Government of the United States.

2.—The head office of the association shall be in Washington, D. C.

3.—The length of its charter shall be fifty years.

4.—The authorized capital of the reserve association shall be approximately $300,000,000.

5.—Only National banks of the classes hereinafter provided for may subscribe to the capital stock of the reserve association. A National bank having a minimum capital of at least $25,000 may subscribe to an amount of capital stock of the reserve association equal to 20 per cent. of the stock of the subscribing National bank, and not less, and each of such subscribing banks shall become a member of a local association, as hereinafter provided for. Fifty per cent. of the subscription to the capital stock of the reserve association shall be called in cash; the balance of the subscriptions will remain a liability of the stockholders, subject to call.

Shares of the capital stock of the reserve association will not be transferable, and under no circumstances may they be owned by any corporation other than the subscribing National bank, nor by any individual, nor may they be owned by any National bank in any other amount than in the proportion here provided. In the case of a National bank increasing its capital after it once becomes a subscriber to the stock of the reserve association, the National bank shall thereupon subscribe for an additional amount of the capital stock of the reserve association equal to 20 per cent. of the National bank's increase of capital, paying therefor its then book value, but only one-half of this additional subscription will be called in cash, as hereinbefore provided. In the event of a National bank, which is a holder of the capital stock of the reserve association decreasing its capital, it shall surrender a proportionate amount of its holdings of the capital stock of the reserve association; or if a National bank goes into liquidation, it shall surrender all of its holdings of the capital stock of the reserve association. The capital of the reserve association so surrendered shall be canceled, and the National bank thus surrendering stock in the reserve association shall receive in payment therefor a sum equal to the then book value, as shown on the balance sheet of the reserve association, of the stock so surrendered.

6.—The board of the reserve association shall consist of forty-five directors, and it shall be composed in the following manner:

First.—Six ex-officio members—namely, the governor of the reserve association, who shall be chairman of the board; two deputy governors of the reserve association, the Secretary of the Treasury, the Secretary of Commerce and labor, and the Comptroller of the Currency.

Second.—Fifteen directors to be elected, one of the board of directors of each branch of the reserve association. They shall be elected by ballot, each member of the branch board having one vote.

Third.—Twelve directors, who shall be elected by voting representatives, one representing the banks embraced in each district. Each voting representative shall cast a number of votes equal to the number of shares in the reserve association held by all the banks in the district which he represents.

Fourth.—The board as thus constituted shall select twelve additional members, who shall fairly represent the industrial, commercial, agricultural, and other interests of the country, and who shall not be officers of banks. Directors of banks shall not be considered as officers.

7.—At the first meeting of the board all the members of the board, except the ex-officio members, shall be classified into three classes, and the terms of office of these three classes shall be, respectively, one, two, and three years. Thereafter members of the board shall be elected for a term of three years.

8.—The directors of the reserve association shall annually elect an executive committee and such other committees as the by-laws of the reserve association may provide. The executive committee shall consist of nine members, of which the governor of the reserve association shall be ex-officio chairman and the two deputies and the Comptroller of the Currency ex officio members.

The executive committee shall have all the authority which is vested in the board of directors, except such as may be specifically delegated by the board to other committees or to the executive officers.

9.—There shall be a board of supervision, elected by the board of directors from among its number, of which the Secretary of the Treasury shall be ex-officio chairman.

10.—The executive officers of the reserve association shall consist of a governor, two deputy governors, a secretary, and such subordinate officers as may be provided by the by-laws. The governor and deputy governors shall be selected by the President of the United States from a list submitted by the board of directors.

In the absence of the governor or his inability to act, the deputy who is senior in point of service shall act as governor.

11.—The governor shall be subject to removal by the President of the United States for cause. The term of office of the deputies shall be seven years, but the two deputies first appointed shall be for terms of four years and seven years, respectively.

13.—All subscribing banks shall be formed into associations of National banks, to be designated as local associations. Every local association shall be composed of not less than ten banks, and the combined capital and surplus of the members of each local association shall aggregate not less than $5,000,000.

The territory included in the local associations shall be so apportioned that every National bank will be located within the boundaries of some local association. Every subscribing National bank shall become a member of the local association of the territory in which it is situated.

13 A.—The number of the directors may be determined by the by-laws of the local associations. Three-fifths of that number shall be elected by ballot cast by the representatives of the banks that are members of the local association, each bank having one representative, and each representative one vote, without reference to the size of the bank. Two-fifths of the whole number of directors of the local association shall be elected by these same representatives of the several banks that are members of the association, but in voting for these additional directors each representative shall be entitled to as many votes as the bank which he represents holds shares in the reserve association. At such elections there shall be no proxies. The authorized representatives of a bank, as herein provided, must be either the president, vice-president, or cashier of the bank he represents.

13 B.—Each local association shall elect annually a board of directors.

14.—The country shall be divided into fifteen districts. All the local associations shall be grouped into fifteen divisions, to be called districts.

15.—A branch of the reserve association shall be located in each district.

15 A.—Each of the fifteen branches of the reserve association shall have a board of directors, and these directors shall be elected in the following manner:

The board of directors of each local association shall elect by ballot one member of the board of directors of the branch of the reserve association. In this manner there will thus be elected as many directors of the branch of the reserve association as there may be local associations in the district in which that branch of the reserve association is located. In addition to that number there shall be elected a number of directors equal to two-thirds of the number of local associations in the district where the branch is located. Such additional directors shall be elected in the following manner:

There shall be chosen by the banks composing each local association a voting representative or proxy holder. In choosing such voting representative each bank shall be entitled to as many votes as it holds shares in the reserve association. The voting representatives of the several local associations which form a district shall then meet at the office of the branch and elect an additional number of directors of the branch equal to two-thirds of the number elected directly by the local associations; that is, equal to two-thirds of the number of local associations composing the district. Each voting representative at such election shall have a number of votes equal to the number of shares in the reserve association held by all the banks composing the local association which he represents.

The first business of the board of the branch as thus constituted shall be to add to its numbers by the election of an additional number of directors equal to one-third the number of local associations situated in the district. Such additional directors shall fairly represent the industrial, commercial, agricultural, and other interests of the district and shall not be officers of banks. Directors of banks shall not be considered as officers.

The manager of the branch shall be ex-officio a member of the board of directors of the branch and shall be chairman of the board.

The board of directors of a branch of the reserve association will thus be composed of:

First. A group of directors equal in number to the number of local associations composing the district, and this group shall be elected by the directors of the local association, each director having one vote.

Second. A group of directors equal to two-thirds of the foregoing group and elected by stock representation.

Third. A group of directors equal in number to one-third of the first group, representing the industrial, commercial, agricultural, and other interests of the district, and elected by the votes of the first two groups, each director thus voting having one vote.

Fourth. The manager of the branch shall be ex-officio a member of the board of directors of the branch and shall be chairman of the board.

15 B.—All the members of the board of directors of the branch, except the ex-officio member, shall at the first meeting of the board be classified into three classes, and the terms of office of these three classes shall be, respectively, one, two, and three years. Thereafter members of the board shall be elected for a term of three years.

16.—Each branch shall have a manager and a deputy manager. They shall be appointed by the association, with the approval of the executive committee.

16. A—The powers and duties of the manager and deputy manager and of the various committees of the branches shall be prescribed by the by-laws of the reserve association.

17.—The earnings of the reserve association shall be distributed in the following manner:

After the payment of all expenses and taxes the stockholders shall receive 4 per cent. Further earnings shall be divided, one-half to go to the surplus of the reserve association until that surplus shall amount to 20 per cent. of the paid-in capital; one-fourth to go to the Government of the United States, and one-fourth to the stockholders; but when the stockholders' dividends shall reach 5 per cent. they shall receive no additional distribution. After the stockholders receive 5 per cent. the earnings shall be divided, one-half to be added to the surplus of the reserve association and one-half to go to the Government. After the stockholders receive 5 per cent. per annum and the surplus of the reserve association amounts to 20 per cent. of the paid-in capital, all excess earnings shall go to the Government. The minimum dividends to the stockholders shall be cumulative.

Lake

policy on my life in substance as follows, viz.: "About a year ago you and I were in correspondence about the depreciation in the purchasing power of our money because of the inflation of our currency. You wrote me at that time that you could not see it as I did. I wrote you to watch and think, which if you have done you now see it as I do. One-third of the purchasing power of that big wad of 'good gilt-edge bonds' you have that belongs to the poor widows and orphans has been lost during the last 13 years by reason of the inflation of our currency. Why don't you insurance men confer together and stop the further debasement by expansion of our currency? Are you a lot of blind bats, or don't you care a copper, just so long as you can wear fine linen and fare sumptuously every day?" Although I am still flying the "Rebel" flag, I am now in open rebellion only against the further debasement by expansion of our currency. I know that the war ended nearly 50 years ago, and that about every one who had anything to do with it is dead and all the rest of us will be dead soon. On May 9, 1864, when I was only 15 years, 2 months, 18 days old, I voluntarily enlisted into the Confederate army, and I am proud of it. I thought then I was right and **know** now I was right then, but I am satisfied with the result if those few meddlesome ones of the Yankees will only let us "requiescat in pace" and let us manage our own home affairs, to suit ourselves.

Very respectfully,

A. C. LAKE.
28 North Front St.,
Memphis, Tenn.

SUPPLEMENT TO
CURRENCY REFORM
THE PARAMOUNT ISSUE.

THE REMEDY.

Memphis, Tenn., March 12th, 1910.

Dear Sir:—Enclosed herewith I mail you complimentary one of my pamhlets, "Currency Reform the Paramount Issue," which if you read carefully I think you will find interesting, perhaps instructive. After reading I would like you to write me any facts that may come into your mind that can help me in writing my later amplified edition of this article.

With an expanding currency the automobile classes are jubilant, being profited at the expense of the street car masses, "onto whose brows the crown of thorns it tightly pressed down" by rising prices. I am no Socialist. It is to the interest of every nation to have a smaller per capita of money than any other nation. Let the gold miners quit their harmful occupation of digging gold and go back to the farms and raise foodstuffs, which is something worth while. Gold intrinsically is not worth so much as iron. Its **free** coinage into money is what makes gold valuable. Redundant currency is the sole true tap root cause of high prices. The high protective tariff and all other causes are only the natural outgrowths therefrom. That high prices are in every way undesirable is clearly shown in my pamphlet of 28 pages (single copies 10 cents).

The remedy for high prices is to stop watering our currency with national bank bills and **free** coined gold money. Our mints ought to take as toll at least one-half of all the gold or gold and silver brought to them for coinage into money. The seigniorage should be used, First: In paying off the government bonds, by means of which the national banks water our currency with their bank notes. Secondly: In paying off the about $346,681,016 of outstanding legal tender greenback fiat money. Thirdly: In creating a gold reserve emergency currency, such as the Bank of France, Bank of England and, I think, Bank of Germany, have. In this way we might in time become again, as in 1835, a nation without debt and have cash gold money in bank. A consummation greatly to be desired. I am met with the objection that other nations will continue to **free** coin gold. This reminds me of the old hackneyed catchword, "Prohibition won't Prohibit." Let other nations continue to **free** coin gold if they have no better sense. They cannot thereby put us into any worse fix than we are already in, and they may ruin themselves. I believe when we stop **free** coining gold all the rest of the world will voluntarily do likewise. There will not have to be any international agreement. They will fall all over themselves trying to see who can stop first. I have seen it stated that the gold money in existence at the time of Napoleon I was only $500,000,000. If this is true the $15,000,000 we paid him for the Louisiana purchase was not such a bagatelle after all. It was perhaps as hard for us to pay that amount at that time as it would be for us to pay $1,000,000,000 now. I have also seen it stated that the production of gold within the last nine years is $3,200,000,000.

Asset currency! Good Lord, deliver us! This financial heresy must have originated among the stock gamblers of Wall st. The Aldrich-Vreeland $500,000,000 emergency money is asset currency. When I was studying in Germany, 1869-1871, during which time occurred the Franco-Prussian war, I kept my money in a savings bank in Leipsic, bearing 2½ per cent. interest. I could not check this money out, but whenever I needed money had to go in person to the bank with my pass-book and have the amount withdrawn entered therein.

I suppose some such system is in vogue in France, and that the checking habit is not so prevalent there as here. During 1909 we sold China all told only $27,000,000. Some years ago, when cotton was worth less than half its present price, 15 cents for middling, we sold $50,000,000 of manufactured cotton goods alone. At our present prices I think likely it would be cheaper to wear silk than cotton in China if they had to buy of us. But they raise 70 per cent. of the cotton they consume. A great part of China is cultivated like a garden. The land practically belongs to the government, and if a Chinaman does not cultivate his land properly it is taken away from him. We have learned much from the Chinese and could learn more if we were not so self-satisfied. If we could quietly lose the Philippines without losing our prestige it would be a profitable loss. Perhaps, however, if we could lose our disgusting self-conceit at the same time it would be still more profitable to lose our prestige. If we could only exchange all our Spanish possessions for Canada we would be well rid of our white man's burden and maintaining a large navy to protect our worthless (to us) outlying possessions. I recently wrote an officer of an insurance company that has a life insurance

CURRENCY REFORM

THE PARAMOUNT ISSUE

The Only Way for the United States of America Ever to Attain Commercial Supremacy in the Markets of the World and on the High Seas.

Third Edition.

Read carefully and pass along to another intelligent, thoughtful man. This circular, price \$50 per thousand, \$10 per hundred, is for brainy people; if you get one gratis it is a compliment to you.

We Need Less Money, or Why the Free Coinage of Gold Should Immediately Cease.

Memphis, Tenn., Jan. 8, 1909.

Hon. William Jennings Bryan,

Fairview, Lincoln, Nebraska:

Dear Sir—Although you have been the chief advocate of an inflated currency, I think you must admit we now have enough, and believing you have more influence in forming public opinion than any one man in the United States, I appeal to you to help stop the further watering of our monetary system. Inflation would be all right IF it did not depreciate purchasing power. Add 1 per cent to our per capita of money and you decrease its purchasing power 1 per cent. Double our per capita circulation and you double prices. Double prices and you double the amount of money required for business, so there will be as much lack of money as before for business purposes; an endless chain. So what is the use? Double our currency and you rob the bloated bondholder of one-half, the thrifty savings bank depositors of one-half, and the poor widows and orphans of one-half of their life insurance. How many of these latter there are I do not know, but there must be millions of them. I see in the Philadelphia Saturday Evening Post of December 19, 1908, page 18, column 1, that there are in the United States 8,588,000 savings bank depositors, and that their deposits amount to $3,690,000,000. This is $300,000,000 or $400,000,000 more than all the money in the United States. Then there are the old war veterans and clerks with fixed salaries with their dependents numbering millions more, who have been grievously wronged. For about thirteen years now all of these people have been defrauded of their pensions, interest, labor and capital by reason of the purchasing power of their money shrinking up, caused by inflation. However, but few of them know it. How can we with $34.98 per capita and still increasing (about 2 per cent per annum in gold and more rapidly in paper on a gold basis) hope to continue to sell China with $2.00 (in silver, worth 40 cents on the dollar in gold) and Japan with $4.15 per capita and compete with other countries with a smaller per capita than ours and consequently with lower wages (but higher purchasing power) and prices than ours, for the world's trade and the ocean's shipping, the latter of which we lost years ago because of our high wages and prices? Japan is driving our few merchant vessels from the Pacific. Her ships are big paying propositions, while ours are losers. Last year we sold her $3,100,000 of cereals and bought of her $15,000,000 of rice and $9,000,000 of soy beans, things our own farmers ought to raise. This, of course, gives her more purchasing power to buy **in cheaper markets than ours and to establish cotton factories and other home industries.** Many more factories can be built there than here for this money. Even our peanut growers are asking (December 17, 1908) for a protective tariff of 2 cents a pound. How long will it be before our corn and wheat will need a tariff for protection against the miscalled "pauper" labor of the world? They maybe get as many comforts with their low high purchasing power wages as do our working classes with their high low purchasing power wages. I see in the Memphis Commercial Appeal of December 26, 1908, page 14, column 5, that our reaper trust is going to establish factories in France and Germany. Query: How long will it be before our cotton factories will be forced to move to China, Japan and other countries, where money is scarcer and consequently worth more than here and the cost of living and wages are therefore less? The American Tobacco Trust already has factories in China and Japan. In Japan money is worth, I think, about ten times and in China about twenty times as much as here. When all our trade is gone what use will our "improvements" be? We will have killed the goose that laid the golden egg and the incomes from our boom "improvements" won't be enough to keep them in usable repair. We are bottling

ourselves up with high prices caused by inflated currency. The unlimited free coinage of silver at 16 to 1, regardless of any other nation, could not possibly have done us any more harm. It would have immediately demonetized gold and made money so scarce that a silver dollar would have bought as much as a gold dollar had been buying and one gold dollar might have been worth as much as two silver dollars. So that the gold owners would have been greatly benefited and the free silverites injured by free silver, except the silver mine owners, of whom I am one. Looking back it is plain to my mind that each party was fighting tooth and nail to keep from getting the very thing they each ardently wanted. Neither knew how to get what they wanted. I today would vote for the free coinage of **our own silver** at 16 to 1 to remedy the danger threatening us because of the plethora of money (dollars made out of almost nothing). Inflation will wonderfully stimulate our "prosperity" temporarily. It will promote all kinds of wasteful, useless "improvements" and foolish extravagances and overspeculation and overproduction, stock gambling and wildcat schemes generally that are bound to bring about a disastrous reaction. We may for a while have a grand and glorious time with our easy money, like the young spendthrift just come into his patrimony. But settlement day is coming, and if inflation is not stopped I think we will have a financial earthquake sure enough beside which the brought-on-by-too-much-easy-money panic of 1907 will be as nothing. The amusing feature of the situation is that the common people have not caught on even yet, and think it is our wonderful robbing Peter to pay Paul "prosperity," the trusts, the tariff, underproduction and our more luxurious scale of living that are causing high prices, and do not know that it is watered currency. They are drunk on "prosperity" and say things are worth more now. It never strikes them that things are worth just exactly the same and that it is really the money that is worth less. Few even of the bondholders realize they are being robbed. Every issue of "good" bonds is quickly sold at a premium. There seems to be a mania sweeping over the country for issuing and selling bonds. The big thieves appear to think it a good thing to get the money now while our dollars are still worth 65 cents in purchasing power as compared to the dollars of 1896 and invest in "improvements" and pay the bonds off twenty, thirty or forty years hence in dollars that may not be worth 25 per cent of their present purchasing power. But as rascality often overreaches itself, they may find there is a factor in their calculation they overlooked. In 1896 the Bryanites were clamoring for higher prices and more money to raise them. In 1908 they wanted lower prices and less tariff to lower them. In 1896 the Republicans told them there was money enough and that business was done mostly with checks anyway, which is true. But now it is the Republicans that are deluging us with cheap money. So that we, the plain people, might well cry out "A curse on both your parties." The currency has been increased about 52 per cent in thirteen years, so that we have already got about 65-cent dollars in purchasing power as compared to the dollars of 1896. Gold being the international legal tender, fiat money has a fictitious value far above its intrinsic worth. It is getting so plentiful and so cheap to get that its **free coinage** ought to be stopped. This I say notwithstanding I have four (4) gold mining claims, about 80 acres, in Arizona that would be utterly worthless if it is stopped. They are for sale cheap for cash, for I think the free coinage of gold will have to stop soon. Or, if the **free coinage** of gold is not stopped, as fast as it is coined greenbacks and national bank notes should be retired from circulation. Money is not wealth. I am afraid we may get so much of it that we will find it is poverty. It is simply the counters with which we exchange wealth. We ought to have a fixed per capita of circulation so that when a man lends his money he can get back exactly what he lends, plus legitimate interest. No more,

no less. And when a man borrows he can pay back the exact amount in purchasing power borrowed. Not one cent more nor less, except a fair interest. Put the per capita circulation on a sliding scale, moving it up or down, and you are robbing one class for the benefit of the other, **which is unconstitutional.** We might, if our per capita circulation were not already too high, stand ¼ to ½ per cent increase each year in our currency. It is better to have the interest rates on a sliding scale than the volume of currency on a sliding scale. High rates of interest would act as a safety valve and prevent overproduction, overspeculation, etc. Instead of elastic currency we need elastic interest rates such as we have always had and such as the Bank of England, Bank of France and Bank of Germany have. The increase of about 8½ per cent, about $3.00 per capita of our currency last year, is just simply an outrage on the lender. It wiped out his 6 per cent interest and impaired his principal 2½ per cent. Won't money lenders have to raise their interest rates so as to cover the depreciation in the purchasing power of their money? And then there is that iniquitous $500,000,000 Aldrich-Vreeland unconstitutional sliding scale elastic emergency currency monstrosity bill. It may boost prices so as to exhaust the $500,000,000 and then require clearing house certificates to carry on business. The wrong is so flagrant it certainly cannot go much further. Even the dullest intellect will be forced to see the point. According to Frank G. Carpenter they are digging gold in South Africa at the rate of $4.00 per second with 50-cents-a-day labor, and they propose to bring electricity 600 miles on an aluminum cable as big as your wrist from the Victoria Falls on the Zambesi river, to install electric lights and power for working the mines. He says also that the steamer Saxony, on which he came from Capetown to England, had on board $5,000,000 of diamonds and $25,000,000 of gold. If Great Britain has free coinage she may swamp herself with an overproduction of money and consequent high prices before we do, although her per capita circulation is at present far below ours. However, it is presumable she will be too smart for that, and will keep the most of her gold in bullion. Our newspapers are in the habit of boasting of our increased prosperity and to prove it cite statistics showing our bank deposits and commerce increased as shown in dollars. This is not a fair index to the increase in the volume of business. For as we have about 52 per cent more money and 52 per cent higher prices, statistics showing that we have 52 per cent more bank deposits and 52 per cent more business as **expressed** in dollars, do not prove that the **volume** of business has increased. It merely proves that the value of money has depreciated so that it requires more money to do business than we ought to have to compete on equal terms with England and other countries for the commerce and shipping business of the world. We cannot have quantity and quality both. When we gain in quantity we lose exactly the same proportion in quality, and vice versa. The much harped on so-called "crime of 1873" did not decrease the amount of money in existence. Therefore it did not wrong the debtor class, as falsely claimed. But the tremendous increase in money in the last thirteen years has greatly wronged the classes above mentioned. The average per capita of money in the world is about $10. We now have the $1.00-per-bushel wheat your adherents in 1896 said they wanted. If we could make the people see, as I do, that by discontinuing the **free coinage** of gold and resuming the free coinage of **our own silver** at 16 to 1, the present value, i. e., purchasing power of our silver dollars would not be decreased and the value of our gold dollars would be perhaps doubled, I think they would all vote for a resumption of the free coinage of **our own silver.** Our thus demonetized gold would offset England's bullion gold, and she has no silver to offset ours, except, perhaps, some in Canada. So we would beat all competition in the world's market for manufactured goods as well as for farm products. We would need no

protective tariff then. We would need no ship subsidy then. We certainly do need a prohibitive duty on all foreign silver and uncoined gold. To further expand our circulation is a clear case of trying to make something out of nothing. It is as absurd as trying to raise ourselves by pulling on our boot straps or seeking to invent perpetual motion. I might say more along this line, but I doubt if a multiplication of words could make my position any plainer or stronger. If I am wrong either in my premises or argument, I would like to be set right.

Very respectfully, A. C. LAKE,

A Confederate Veteran Who Voted for You.

RANDOM THOUGHTS.

In 1912 the Republicans ought to stand for a discontinuance of the **free coinage** of gold. In 1912 the Democrats ought to stand for a discontinuance of the **free coinage** of gold and the resumption of the **free coinage** of **our own silver,** at 16 to 1.

As it takes sixteen times as much silver (371.25 grains) to make a silver dollar as it does of gold (23.22 grains) to make a gold dollar, I don't think we could inflate our currency so rapidly with **our own silver** as with gold. Especially as China and India, with their 700,000,000 population, would become again, as of yore, the graveyards of our surplus silver. These countries, notably India, 300,000,000 population, make it into ornaments. But if we should find we are getting too much silver money, we could stop its free coinage. By coming to a silver standard I think our circulating medium would be cut in two by demonetizing gold by driving it to a premium. I don't see how else we can reduce our undesirable burden of money without working wreck and ruin to millions of our people. As soon as we threatened to come to a silver standard foreign holders of our not-payable-in-gold bonds and stocks would rush them over here and sell them and withdraw this surplus gold out of the country. Of course, there would ensue a terrible financial cataclysm, the effects of which might be felt for several years, but the ultimate result would be so beneficial as to counterbalance the temporary hardships. A few years in the life of a nation is but a short time. Our financial condition has got into such bad shape that I think heroic measures are in order to restore it to normal. The market value now of the silver in a silver dollar, 371.25 grains, is about 40 cents. I don't think the gold, 23.22 grains, in a gold dollar would sell for that much on its own merits. It is hard to make some otherwise intelligent people understand that there is not a dollar's worth of gold in a gold dollar, and that it is the government stamp on it with the law behind it that makes it a dollar. Assuming, for example, that there may be only 5 cents' worth of gold in a gold dollar and that the government stamp on it with the law behind it adds 95 cents to its value, making it one dollar, why should not we, the government, get this 95 cents instead of giving it to us, the gold mine owners, as heretofore? This bunco game should have stopped when our per capita got to a parity with England's, $18.00. In 1871 Germany exacted of France as war indemnity 5,000,000,000 francs at 19.3 cents—$965,000,000 gold. Of this amount 120,000,000 marks at 23.8 cents—$28,560,000—are supposed to be in the German war chest in the Julius tower in the fortress of Spaudan, a western suburb of Berlin. The bulk of this $965,000,000 gold was used in paying off the cost of the war and establishing the gold standard of currency for Germany. The great plethora of money resulted in wild speculation. Stock companies for all sorts of enterprises sprung up like mushrooms. The consequence was a great financial crisis in 1873, which lasted till 1876. I read 25 or 30 years ago that Germany was injured more by getting this money than France was by losing it. I think likely that it was in this way that she, unfortunately for herself, got her per capita of money up to $21.00, which is $3.00 above England's $18.00. And that her prices and cost of living have thereby been so increased as to seriously handicap her ever since in competing with

England for commercial supremacy in the markets of the world and on the high seas, which is the chief cause of the present somewhat strained relations between these two countries. Life insurance companies, savings banks and educational and other institutions, with endowment funds invested in "good gilt-edge bonds," so called, should wire President Taft now and send strong delegations soon vehemently protesting against this senseless suicidal inflation foolishness. The danger is imminent. Verbum sat sapienti—a word to the wise is valuable. The currency has been inflated 4 per cent per annum for thirteen years, making 52 per cent, and has depreciated in purchasing power 4 per cent per annum for thirteen years, making 52 per cent. So that the entire interest on these "good, gilt-edge bonds" has been wiped out during the last thirteen years. Besides the market price of bonds has declined so that really the entire interest on 4½ per cent bonds has been about wiped out. For $1.50 cash now is not worth as much as $1.00 cash was worth thirteen years ago. Whereas, stocks have not only paid good dividends, but their market price has advanced about in the same ratio as the currency has been watered. Superficial people, especially in Wall street, have not got penetration enough to know that the value of gold dollars can depreciate. They think they are the fixed standard of value, whereas, their value fluctuates exactly in the same proportion or ratio as their number is increased or decreased. These people think it is an indication of prosperity when prices go up. When really it is because money, by reason of inflation, is losing its purchasing power value so that it takes more of the debased stuff to buy things, that makes prices go up. It is the money going down. We Americans have been reveling in a fool's paradise, thinking that money is wealth and that there is a dollar's worth of gold in a gold dollar, overlooking the fact that even our gold dollars are only "chips" to do business with and that the more "chips" there are the less they are worth, and that the unlimited free **coinage** of gold continued indefinitely might ultimately result in so weakening the purchasing power of our gold standard dollars that it might take $100 in gold to buy an ordinary breakfast. Spain owed her rise to silver. Her fall to too much silver. We may owe our downfall to too much gold **if we don't watch out!** Spain first lost her world trade to the Hanseatic League, later to England. Low high purchasing power wages with low cost of living versus high low purchasing power wages with high cost of living did Spain and may do us, i. e., the United States. It is not China and Japan that are the yellow peril so much as yellow gold coin. Rascality often overreaches itself. Did not England overreach herself taking the Boers' gold mines and may they not prove her financial and commercial ruin if she is not careful? I see in a newspaper dated March 12, 1909, that the production of these gold mines for the last twelve months, as officially reported by the mine owners, is $149,788,950, an increase of 9½ per cent over previous twelve months. This is digging gold at the rate of about $4.75 per second for every second of 365 days of 24 hours each. Great Britain is certainly too shrewd to coin all of this "old junk" gold into money and put it into circulation. In fact, if she could only be assured that we would be fools enough to coin it into money and add it to our circulation here it would be a master stroke of statecraft on her part to make us a present of enough of it to raise our prices so high as to eliminate us for a long period of time from the world's markets and the high seas. Did not we overreach ourselves taking Panama from Colombia if the bottom of the canal or the bond market should drop out, which it should unless interest rates are increased so as to cover loss in the purchasing power of the money, and it prove a failure? Did not we overreach ourselves taking the Philippines, overlooking the Japanese factor in the calculation, and had we not better be **generous** and give them their independence and let Japan **protect** and exploit them? Japan, with her only $4.15 per cap-

ita of money and consequent low high purchasing power wages and low prices, can buy our cotton, manufacture it into goods and sell to them cheaper than we can. The Memphis Commercial Appeal, April 22, 1909, page 1, column 3, says the Philippines are costing us $100,000,000 annually. So it is ourselves being exploited. What benefit are any of our Spanish possessions, anyway? Cuba's last little revolution cost us over $6,000,000, which, I think, we will lose. We did Spain a big favor when we relieved her of them. If all the nations of the earth had the same per capita of money there would be a great uniformity of prices throughout the world and there would be but little need for protective tariffs. Sly old Mother England, with her only $18.00 per capita of money, can afford to have practically free trade, but we, with about twice that much and still rapidly increasing, are forced to continue to raise higher our tariff walls. Little Switzerland, with only $17.00 per capita of money, is thus enabled to buy our cotton, manufacture it into goods and ship about $10,000,000 worth of them back to us every year, in spite of our 52 per cent high tariff wall. This is more cotton goods than we sell China's 400,000,000 population. We sell India almost nothing. Having only about one-half as much money per capita as we have makes Switzerland's gold money worth about twice as much there as our gold money is worth here, dollar for dollar, 23,22 grains. If it were not for the fact that our laboring people would suffer greatly for the lack of work in the meantime, it would be a good thing if we could have free trade and buy all of our necessities abroad, so as to get rid of our glut of gold money. We could then have the full dinner pail. For we could produce things at purchasable prices for foreign nations with less money than we have. They would then have the purchasing power money and we would have the commodities to sell them cheaper than they could make them. Our financial editors seem alarmed when gold is shipped away from this country. I am always delighted to see it going away except that it indicates that the balance of trade is against us. They are alarmed for the loss of the money. I am alarmed for the loss of trade it indicates. Recently I saw it stated that the Salt Lake Review had said: "Gold is always stable. An ounce of gold is worth the same, $20.67, today as it was ten years ago." This editor maybe did really believe what he said. He seemingly assumes that it is the gold in a gold dollar that gives it value, while I assume that gold per se is of but little value and that it is the government stamp on it with the law behind it that imparts the value. Anyway, they have both, combined into one, because of inflation, lost one-third of their purchasing power value in thirteen years. This question as to whether the gold or the stamp gives the value is with some people another form of the old enigma as to whether the hen or the egg came first. The money mills ought to stop until the population can overtake the oversupply of money. Gold mine owners will protest that there is 90 cents' worth of gold in a gold dollar and 10 per cent of alloy, and that other nations will be glad to **free coin** it for them. Very well, gentlemen, we are delighted to hear you say so. Go, sell it for 90 cents. In refusing to be injured any further by you we would be glad to know we are not injuring you. However, we think likely these other nations will take their cue from us and refuse to **free coin** it for you. There is already plenty of gold money in the world for all practical purposes for many years to come, and we here in these United States already have more than is good for us. I think we could get along very well if not a single dollar more of gold, silver or paper were issued in 100 years, except in renewal. We could buckle down to work and **earn** our money off of the other nations, instead of steam shoveling the gold and silver out of the ground and printing wholesale the paper money on a gold basis at Washington, D. C., which is come easy go easy money and demoralizing. It is not good to get something for nothing. He that

hateth gifts shall live—Prov. xv: 27. He who will not take something for nothing will prosper. The government can make, if we need it, about as good money for home use out of paper as out of gold, making it irredeemable legal tender fiat money. That is about all gold money is except that it is an **international legal tender.** If a limit were put on this paper money it would be infinitely more sane and sound than this unlimited **free coinage** of gold insanity. This paper money would not be an international legal tender fiat money as is gold and would not disturb our foreign trade as does gold. For no matter how high our prices might go in this paper money, it might not elevate gold prices beyond the export point, as do our high gold prices now. For the paper money if too plentiful would go to a discount under gold, as during and for years after the Civil War. Here below is an illustration of the higher prices for farm products that the Bryanites clamored for in 1896: Recently we have been importing large quantities of potatoes from Great Britain and Germany and paying 25 cents per bushel tariff on them. The reason that we can do this is that Germany, having only about 60 per cent as much money per capita as we have, her prices are only about 60 per cent of ours, and Great Britain having only about one-half as much money per capita as we have, her prices are only about one-half of ours. And that is why she is mistress of the seas and the American flag is a rarity on the ocean. Recently I read in an English magazine that the average wage of the common laborer in England for twelve hours a day work is 18 shillings, about $4.35 a week. An English cotton buyer here tells me prices are advancing there and they get 20 shillings now, and that soldiers get six shillings a week and found. Not long ago I met a gentleman from Threadneedle street, London. He had on a nice suit of clothes. I asked him how much it cost made to order in London. He said $15, and that he thought likely it would cost $50 in this country. I think it would cost here at last $30 to $35, perhaps $50, as it was good English goods and well made. A short time since a representative of the Mitsuis was in our city. He deprecated war between us and Japan. Of course the Mitsuis, the merchant princes of Japan, do not want any war with us, their most profitable customers. For as $1.00 will buy about as much in Japan as $10 here, the cost of production there is infinitesimal as compared to here. They must make several hundred per cent profit on everything they sell us. They are shrewd enough to pile on all the price the traffic will bear, and I suspect they grade their prices to fit the per capitas of money of the different nations. Our own trusts virtually do this when they sell to foreign markets cheaper than they do here at home. We have to revise our prices downward, while Japan has a wide margin in which to revise her prices upward when selling gold standard nations. The Japanese on the Pacific charge full American freight rates when they can get them. But when they have to bid for freight they always get it, as their expenses on account of their low per capita of money are so small that they can down all competition. Japan with her low per capita of money and consequent low prices is apt to absorb all the trade of the Pacific. Watch her grow! Unless she should become too bellicose or too competitive and alienate England and other nations so that they may combine against her and clip her wings by taking her navy from her and not allow her to build another one. With her only $4.15 per capita of money against our $34.98 and still increasing about 2 per cent per annum in gold and 2 per cent per annum in paper, we stand no more chance in the battle with her for commercial supremacy than does an army with old, obsolete muzzle-loaders against an army with up-to-date, automatic, rapid-fire, smokeless powder machine guns. China and India, too, because of their small volume of money, are on the eve of great commercial prosperity, especially when we consider their money is in silver worth only about 40 cents on the dollar in gold, which makes their

gold per capita only about 80 cents. This forces them to supply their own wants, for they have not got the money to buy from foreign nations. Thus they are compelled to patronize their home industries. They will increase. We may decrease. **It is to the interest of every nation to have as small a per capita of money as possible.** When I knew less than I know now, I thought nations that had low per capitas of money had them because they were poor. For I thought money above all things else was wealth. And I did not know that the volume of money of a nation decreased its purchasing power and that a gold dollar is a unit of changeable value. But I know now these nations have little money because it is the best national policy. The financiers of those older nations must chuckle at our gross ignorance in inflating our currency. Years ago, reading that a woman in China got only 5 cents a day for work and thinking only how little 5 cents would buy in this country, it seemed awful. But since I know 5 cents in silver (about 2 cents in gold) will buy as much in China as $1.00 here, I see she was getting fully as much relatively, if not more, than the majority of our own "salesladies." Men laborers in China get 10 cents silver a day, equal to about 4 cents in gold. The coolies at the great steel works at Hankow, on the Yangtse-Kiang, get 1 cent an hour for 12 hours, making 12 cents a day in silver, equal to about 5 cents a day in gold. There is plenty of iron and coal in China, and they are turning out iron rails as good as anybody makes, and would soon be shipping them to us but for our prohibitive tariff. The mines have not heretofore been worked in China because of their superstitious fear to dig up the evil spirits, but they are getting over this foolishness now. A few days ago I read an article by Frederic J. Haskin on Oriental rugs, wherein he said boys in India get 5 cents (2 cents in gold) a day making these rugs. What nice profits these Oriental rug dealers must make even if they buy the rugs in Turkey, where the per capita of money is $4.00 and the boys must get about 10 cents a day for making them. These two wages of India and China show the correctness of my assertion that the per capita of money governs prices. For India and China both have the same per capita, $2.00 in silver, worth, say, 40 cents on the dollar in gold, making 80 cents per capita in gold. This low per capita of money for India is the reason we are now wrapping our cotton bales with comparatively rotten India jute instead of as formerly with the much superior Kentucky and Missouri hemp. Our hemp industry has been ruined by our high prices and our cotton and every other industry will be ruined if we don't stop inflating our prices by inflating our currency. The negroes in Africa are learning how to work and will make the cotton and the linen industry will be stimulated in Europe and wool growing in Australia, Argentine and elsewhere. And foodstuffs will be produced more in other countries. The following are the approximate per capitas of money of the different nations, as given under Money in the Encyclopedia Americana, published in 1903, in Chicago and New York:

China	$2.00	Denmark	$11.50
Cuba	2.00	Canada	12.00
Bulgaria	2.00	Greece	13.50
India	2.00	Switzerland	17.00
Servia	3.00	Cape Colony	18.00
Japan	3.00	Great Britain	18.00
Turkey	4.00	Germany	21.00
Roumania	4.00	Belgium	22.50
Egypt	4.00	Spain	23.00
Finland	5.00	Portugal	23.50
Mexico	6.00	Australia	25.00
Russia	6.00	Netherlands	25.00
Hayti	7.50	S. African Rep.	28.00
Austria-Hungary	8.00	U. S. $28, now	35.00
Norway	9.00	South America	31.00
Central America	10.00	Siam	34.00
Italy	10.50	France	38.00
Sweden	11.00	Straits Settlem'ts	48.00

Average per capita of money in the world, about $8.90.

Looking at the foregoing list, we see that Mexico and Russia each have $6.00 per capita. Therefore their wages and cost of living ought to be about one-sixth as much as ours. And are they not? Have we not all heard of the 25-cents-per-day so-called "pauper" labor of the peons and serfs? This 25 cents per day is worth as much to them as $1.50 to our common laborers. For other things are likewise in proportion. Egypt, per capita $4.00, good farm labor 10 cents a day. Labor so cheap they cannot afford to buy our high-priced labor saving machines, manufactured with high priced labor. France, I think, has heretofore prospered in spite of her high per capita of money because her people are much given to hoarding, i. e., practically burying their money, and do not use checks on banks nearly so extensively as we do. Besides, the Bank of France carries a large gold reserve; dead capital. It is also worth considering that France may have earned her money by thrift from other nations and did not manufacture it out of paper and cheap gold as we are doing. But even she is beginning to have her troubles, for on April 10, 1909, there was a button-makers' strike at Meru because their wages had been cut 30 per cent to compete with Japanese pearl buttons. It could hardly be an accident that Great Britain and Cape Colony have the same per capita, $18.00. There must have been some good, well thought-out reason for it. I have recently been reading some very interesting letters from Japan by Frank G. Carpenter. With all his traveling and natural astuteness, it seems never to have occurred to him what relation the prices of a country have to the per capita of money of that country. Farm laborers in Japan now get 16 cents a day without board for men and 10 cents for women, working from sunrise to sunset. He says prices there have advanced greatly within the last few years. This is quite natural, for Japan has copiously watered her currency during these years, with large borrowings from foreign nations. Mr. Carpenter says there are 4,000 new factories there. The cotton factories are running night and day, making from 12 per cent to 50 per cent annual dividends. The men operatives get 30 cents, the women 21 cents and the children 6 cents for ten hours' work. The men get good meals, consisting of rice, fish and vegetables, for 2½ cents each—7½ cents per diem. The shipbuilding yards and navigation companies are making about 12 per cent per annum dividends. The banks and stock companies 8 per cent to 12 per cent, and more. The savings banks pay the depositors 4.8 per cent interest compounded semi-annually. Oh! if we only had as small a per capita of money as Japan, how we would prosper. We could be humanitarians and profit at the same time, and put cotton shirts on the backs of all the poor peoples of the world without skinning 'em alive with our outrageous prices—higher than those of any other nation of the world. We would have such high power money that we could profitably raise cotton at minus 5 cents a pound, corn at minus 25 cents a bushel and wheat at minus 50 cents a bushel, and horses, mules, meat, land, wages and everything else would be in proportion. As it is, we are a nation of selfish, greedy cormorant robbers, piling up money that spoils (i. e., loses purchasing power) on our hands, as did the manna (Exodus xvi) of the Israelites in the Wilderness, when they got greedy and gathered more than they needed for their immediate wants. I am told that the Standard Oil Company is building a railroad from LaPaz, Bolivia, out to a solid mountain of gold of low grade, easily worked, free milling gold ore. Maybe a steam shovel cyaniding proposition. Are we to accommodatingly **free coin** this gold mountain for them and thereby further weaken the purchasing power of our money, so as to make prices go sky high and thereby rob all of our thrifty people of their cash savings, accumulated by years of toil and sweat and self-denial? If there were anything whatever to be gained by so doing there might be some excuse for doing so. Our government ought to get at least one-half for coining it into money.

There are said to be over $15,000,000,000 on deposit in the banks and trust companies of the United States. All of this money in thirteen years has lost about one-third of its purchasing power, because of inflation, making about $5,000,000,000 lost. This is a loss of about one and a half billions of dollars more than all the money in the United States. Then there is the one-third loss on untold billions of bonds, mortgages, notes and life insurance policies. So I think it is safe to say that our people have lost in thirteen years several times over the total amount of money there is in these United States. Just think of it! Isn't it awful? Then there are the authorized several hundred millions of Panama bonds which when sold are to be used as a basis for still further watering the currency with national bank notes. This basing the currency on a debt is queer financing anyway. There should be no more bonds sold on which currency can be issued. On December 1, 1909, there is already outstanding $707,433,547 of this national bank currency and $346,681,016 of legal tender greenback fiat money, which is better money than the national bank notes, which are not legal tender fiat money. Besides, gold can be withdrawn from the treasury with these greenbacks; also the national banks hold them as their legal reserve, for which national bank notes cannot be used. Also there are said to be immense, inexhaustible amounts of gold in Alaska, so that Alaska is an injury instead of a benefit to us. We have been patting ourselves on the back for years over cheating Russia by buying Alaska from her for $7,200,000. If we had left Alaska to Russia she with her low capita of money and low prices could have caught the salmon and seals cheaper for us and mined the coal, copper, etc., and sold it to us a great deal cheaper than we can ourselves. Besides, it looks like the trusts might rob us of everything in Alaska anyway. Also, we could have bought the Philippine timber cheaper under Spanish rule there than we can under our own rule, for we have put up prices there too. Why not have the free coinage of aluminum and be done with it? This aluminum money would go at a discount under gold and consequently would not so disastrously affect our foreign commercial relations as does the **free coinage** of gold and the issuance of paper money on a gold basis, with the present international agreement making 23.22 grain gold dollars the international legal tender fiat money. It would make no difference in our dealings with foreign nations how high prices might go here at home in this aluminum money. The height of prices would be governed entirely by the amount of this aluminum money put into circulation by the government. And free printed paper money would be just as worthless and a little cheaper to make and more convenient to carry. The low per capita of money in Cuba, with consequent low prices there, is, I think, the reason they can raise sugar there so much cheaper than we can here. Then there is that cheap no-duty Philippine sugar and tobacco coming in to ruin our cane and beet sugar industries and tobacco raisers. There must be very little money there, for the native Filipino school teachers under American supervision get an average of only $9 a month stipend. Joseph French Johnson, professor of political economy at the University of New York City, who has published a book, "Money and Currency," says: "It took $3,623 last year to pay for the necessaries of living that could be bought for $2,500 in 1897. Sixty-nine cents ten years ago had the buying power of the dollar of today." So he, figuring on the cost of commodities and I figuring on the increase of the currency, have reached the same conclusion. His estimate of 69 cents is for ten years, while my estimate of 65 cents is for thirteen years. And each proves the correctness of the other. Thus we see that my assertion that **add 1 per cent to the currency and you depreciate its purchasing power 1 per cent, double the currency and you cut its purchasing power one-half, is a condition and not a theory.** And the evil ought to be remedied at once by stopping the **free coinage** of gold and by stopping the issuance of

any more national bank notes or legal tender greenback fiat money or Aldrich-Vreeland money, or any other kind of money. We need less money in order to have better money. It seems that Messrs. Aldrich and Vreeland want a central bank with power to expand or contract the currency. This would be a very dangerous machine if it should happen to fall into the hands of unprincipled predatory men, which it is very likely to do. They could elevate or depress prices at will by putting the currency on a sliding scale, which, I think, is unconstitutional, working it up and down, pump like, and suction all the money out of the people of the United States. There is enough of that kind of thing going on already, and we don't want any more machinery to help it along. And if congress does pass any such law I hope President Taft will veto it, as did "Old Hickory" Andrew Jackson veto in 1832 the United States Bank. All the currency reform we need is to stop watering it so copiously. And the United States treasury is a good enough central bank. For years past people who have been putting their hard-earned savings into life insurance policies, "good, gilt-edge bonds" and savings banks have thought themselves almost as safe as if they had put their faith in the Rock of Ages. But they have been building their houses on the shifting sands. They have been putting their watered money into leaking barrels. As they poured in at the top it has run out at the bottom. Our government ought to charge as toll for coining into money, say, 50 per cent of all the gold (or gold and silver) received at the mint. In this way a fund might be created with which to redeem about $751,000,000 of outstanding 2 per cent bonds on which are based a circulation of about $650,000,000 (on a like amount of bonds) of national bank notes and also redeem the $346,681,016 of legal tender greenback fiat money for the redemption of which $150,000,000 gold is required by law to always be held in reserve at Washington, D. C., so that we could become again as in 1835, a nation without debt. Ex-Postmaster-General Meyer, now secretary of the navy, has a very good plan, approved of by President Taft, I think, which is to establisn postal savings banks allowing 2 per cent interest and use the deposit in retiring those $751,000,000 of pestiferous 2 per cent bonds by means of which the currency is watered through the national banks with their notes. It is quite a common occurrence to hear the miners out West boast that the gold and silver they dig out of the mines is good, clean, honest money; that it injures no one, enriches the world and benefits everybody. In their profound ignorance of the first principles of sound finance they are perfectly honest in their mistaken belief. They think there is a dollar's worth of gold in a gold dollar. They do not know that it is the government stamp with the law behind it that makes the gold valuable. They do not know that when the gold currency is doubled that although we have twice as many gold dollars we have not one single, solitary dollar more of purchasing power money and that millions of people are injured by the shrinkage in the purchasing power of their money when the currency is increased. Some time since I read that tea sold in Ceylon at 10 cents a pound. Frederic J. Haskin says in the Commercial Appeal of July 24, 1909, page 6, column 6, the children there get 3 to 4 cents a day, the skillful women 8 1-3 cents and the men 10 cents for picking tea, and that a great many go over from Southern India because of these attractive wages and an opportunity to save money to return home and buy land and to help feed their poor relatives back home. But they seldom ever carry out their intention to return home. This is just like the European immigrants who come to our country. I judge by this that the per capita of money in Ceylon is about $3.00, and in Southern India about $1.00, and that land there is very cheap looked at from our viewpoint. In their consular reports our consuls to foreign countries are continually telling our merchants that the reason they cannot get the trade of the different countries is

that they will not study the wants and the peculiarities of the people and cater to them and pack their goods to suit them, etc. Now, I do not think this is the principal, true reason we do not get the trade. I think the true, fundamental reason is that our prices are too high, caused by inflated currency. I think our consuls are either ignorant of this or that they have not got the backbone to come right out and say so. I dated my letter addressed to the Hon. Wm. J. Bryan January 8, 1909, because it was written about that date and because it was January 8, 1815, that we, mostly Kentuckians and Tennesseans, whipped the British at New Orleans. (6,000 Americans whipped 12,000 British in twenty-five minutes, killing and wounding about 2,500 and losing only 8 killed and 13 wounded. Our old backwoods hunters knew how to shoot straight. They did not have modern rapid-fire guns and as it was quite a task to load and prime their old flint locks they took good aim before firing. The British were brave, well seasoned soldiers, but their officers blundered. This battle was fought 15 days after the treaty of peace was signed at Ghent, December 24, 1814. There were no fast steamships nor wireless telegraphs to bring news in those days. This battle was about the only one on land during the war of 1812 by which we saved our face). And my plan for currency reform is the only way we can commercially whip Great Britain and all other nations. Since writing the foregoing I find page 675 of the April, 1909, Nineteenth Century and After Magazine an able article by Moreton Frewen, an Englishman, entitled "The New Era in Economic History," which ought to be a Democratic campaign circular in 1912, unless the Republicans are smart enough to beat them to it. He says that owing to the demonetizing of silver by the civilized countries the price of silver has fallen so low that the 800,000,000 of people, about one-half of the world, who use silver as their money, are unable to buy the gold exchange with which to buy English goods, and that factories are springing up in India that are not only supplying the Indian trade, but are also shipping goods to China, and that factories are also starting up in China, and he suggests that the Chinese open door is more likely to swing outward than inward. I think this is the reason they are now having such hard times in England. Commander Wm. Booth of the Salvation Army reports November 17, 1909, hundreds of thousands out of work and their families starving in London and millions suffering for lack of employment throughout Great Britain. I suspect also that these factories are being promoted by English capital, just as I suggested in my letter to Mr. Bryan, our factories would have to move to China, Japan and other countries where money is scarcer and necessarily worth more than here and wages and living cheaper and the cost of production a great deal less than here. The $2.00 per capita of China and India must be in silver, equivalent, say, to 40 cents on the dollar in gold, which would make the per capitas 80 cents in gold. As if in confirmation of Mr. Frewen's prediction that the Chinese open door would swing outward, I see in the Pittsburg Chronicle Telegraph of September 24, 1909, page 6, column 2, an editorial, "China as a Purveyor," saying: "On July 30 last the British provision trade experienced a severe shock from the arrival at London of a Chinese steamship laden with provisions consisting of wild fowl, snipe, pheasants, deer, hares, hogs, chickens, domestic ducks, geese and eggs, this being the first cargo of the kind received from the Celestial empire, which were offered at very low figures and found a ready market. That China's surplus of food supplies is vast, prices low, etc." Frank G. Carpenter says there is an industrial school at Tientsin that pays the boys 10 cents a day, which is enough to pay for their board and clothes, and that there are boarding schools in Peking with tuition and board at $3.00 a month. This 10 cents a day or $3.00 a month must be in silver and amounts to only about 4 cents a day, or $1.20 a month in gold standard money. Gold miners'

wages in Korea is 25 cents a day. Here about $3.00 and up for eight hours' work. The total production of gold from 1492 to 1907, inclusive, 416 years, was about $12,500,000,000, nearly all of which is still in existence. The production of the world in 1896 was about $202,251,600, in 1907 $404,000,000, in 1908 $434,000,000, in 1909 $450,000,000 and increasing every year and raising prices throughout the world. Another way in which these 2 per cent government bonds with which the currency is watered might be retired would be to offer the holders of them in exchange gold bonds bearing 3 per cent, 3½ per cent or 4 per cent interest on which no currency could be issued. When I say cheap money I mean money of low purchasing power. The newspapers by cheap money mean money at a low rate of interest. Our prices are so high that our imports are increasing, exports decreasing, which, of course, increases the government revenue, but at the expense of the country. Dig gold and it will leave us. Stop digging it and it will come back and stay with us, and be worth more to us. I don't like the idea of ship subsidy, but realizing that we have just got to do something to get auxiliaries for our navy, I would suggest that our government own outright a merchant marine, manned entirely by white Americans, so as to make the service honorable, to be used during wars as naval auxiliaries. Our Southern congressmen might be induced to vote for such a bill. I think the navies of Russia, Germany, France and Japan have no foreigners aboard. Not many years ago the American Oceanic line plying between San Francisco and Australia, paying sailors $40 per month, was forced out of business by Japanese and other vessels paying sailors only $8 per month. Soldiers in China get 12 cents silver a day, which is about 5 cents in gold. Men reeling silk from the cocoons 10 cents to 12 cents in silver working from daylight to dark. What good can the Chinese open door do us? All this twaddle about it is a silly farce, so far as our selling them is concerned. Our robber prices boycott us. The salary of Gen. Oyama, the commander-in-chief of the Japanese army, is only \$3,000 a year, but when we consider its purchasing power in Japan, that is an immense sum.

The trusts may think it to their interest to inflate the currency so as to have such high prices as to necessitate high tariff to keep out foreign goods. Senator Aldrich is for high tariff. The Aldrich-Vreeland \$500,000,000 emergency currency bill is an inflation measure. On the tobacco plantations in Java men get 10 to 16 cents a day, women 6 to 12 cents, children 4 to 6 cents, working from 7 a. m. to 5 p. m.

There are more hogs in China than in Europe. I see in October, 1909, Consular Reports, page 117, that pork sells in China at 4 cents a pound, eggs at 3½ cents a dozen and quail at 2 cents each. If these prices are in silver, which I think they are, 40 per cent of these amounts would be the prices in our gold standard money. On December 10, 1909, United States Comptroller of the Currency Lawrence O. Murray reports "25,000,000 people have bank deposits, amounting to \$14,425,523,165." Add to this the money not in the banks and we have perhaps considerably over \$15,000,000,000, about one-third of which has been lost in thirteen years because of inflation. He reports savings bank deposits at \$5,678,735,379 deposited by 14,894,696 people. Total number of banks in the United States, about 25,000, of which about 7,000 are national banks. Newspapers are constantly blaming the trusts and the tariff for high prices. This is only half a truth, which, however, misleads the unthinking multitude. Our inflated currency is the first root cause of high prices, which makes a high protective tariff absolutely necessary to shut out foreign competition. Tariff added to our already high inflated currency prices is only the secondary cause of high prices. The tariff, of course, gives the trusts a chance to rob us from behind the high tariff wall. However, if there were no tariff at all I think there would be worldwide trusts. Possibly by systematic methods and the elimination of waste our trusts make

big profits and still sell us cheaper than we could otherwise buy. We buy of South America about three times as much as we sell there, and of the Philippines we buy about twice as much as we sell them. As long as our high inflated currency prices bar us from the Latin-American markets we may confidently depend upon Great Britain to back us up in the Monroe doctrine. For she has nothing whatever to fear from our competition there, but she has everything to fear from Germany and other countries. I think if we should undersell her there we will have to abandon our Monroe doctrine. They are getting our gold via Latin-America and are satisfied. I see in the Literary Digest of December 25, 1909, page 1195, that prices for commodities on December 1, 1909, were 60 per cent higher than on July 1, 1896, when they reached their lowest point. It took me 60 years of life, experience, travel and reading and three years of special observation, reflection and putting facts together to gain the knowledge to write the foregoing article. It is entirely original with me, a plain old fogy bookkeeper, for I have never read any works on political economy, but I think it is good, common sense, sound, logical, essentially correct and incontrovertible. It is as clear to my mind as that two plus two equal four.

A. C. LAKE,

28 North Front St., Memphis, Tenn.

Originator of the charge 50 per cent toll for coinage idea. It will curtail the overproduction of gold and help pay the government's expenses. Inflated currency is the sole first cause of our high prices, and inflation ought to stop at once. Q. E. D.

Last year Japan sold us almost one and a half times as much as she did to the whole of Europe. She bought of Europe nearly two and a third times as much as she did of us. Our sales to her were mostly raw cotton and petroleum. Europe's sales to her were manufactured goods.

Memphis, Tenn., January 8, 1909.

Revised to January 8, 1910.

2 nd 61 St

For expenses of inquiries and investigations ordered by the Senate, including compensation to stenographers to committees at such rate as may be fixed by the Committee to Audit and Control the Contingent Expenses of the Senate, but not exceeding one dollar and twenty-five cents per printed page, twenty-five thousand dollars.

For additional amount for purchase of an automobile, including driving, maintenance, and care of the same, for use of the Vice-President, one thousand dollars.

For purchase of furniture, two thousand five hundred dollars.

To pay George H. Boyd for compiling customs tariffs, two hundred and fifty dollars.

HOUSE OF REPRESENTATIVES.

Contingent expenses, namely: For wrapping paper, pasteboard, paste, twine, newspaper wrappers, and other necessary materials for folding, for the use of Members of the House, and for use in the Clerk's office and the House folding room (not including envelopes, writing paper, and other paper and materials to be printed and furnished by the Public Printer, upon requisitions from the Clerk of the House, under the provisions of the Act approved January twelfth, eighteen hundred and ninety-five, for the public printing and binding), three thousand dollars.

For folding speeches, to continue available during the fiscal year nineteen hundred and eleven, five thousand dollars.

GOVERNMENT PRINTING OFFICE.

The allotment for printing and binding for Congress authorized in the sundry civil appropriation Act for the fiscal year nineteen hundred and ten is hereby increased to one million eight hundred and seventy-nine thousand one hundred and ninety dollars, such increase not to involve any increase in the total appropriation under "Government Printing Office" in said Act for the fiscal year nineteen hundred and ten. And the amount authorized to be expended for machinery out of the appropriation for printing and binding during the fiscal year nineteen hundred and ten is hereby increased from fifty thousand dollars to seventy-five thousand dollars.

The allotment for printing and binding for Congress is hereby made available for the printing, under provisions of existing law and the rules of the Senate and House of Representatives relating to public printing, as public documents of such of the publications of the National Monetary Commission as the Commission may designate. And the Superintendent of Documents is hereby authorized to order reprinted, from time to time, such public documents of the National Monetary Commission as may be required for sale.

JUDGMENTS, UNITED STATES COURTS.

For payment of the final judgments and decrees, including costs of suit, which have been rendered under the provisions of the Act of March third, eighteen hundred and eighty-seven, entitled "An Act to provide for the bringing of suits against the Government of the United

States," certified to Congress at its present session by the Attorney-General in House Document Numbered Five hundred and thirty-five, and which have not been appealed, namely:

Under the War Department, two thousand eight hundred and thirty-six dollars and fourteen cents;

Under the Navy Department, four thousand and fourteen dollars and eighty-five cents;

Under the Department of Commerce and Labor, three thousand two hundred and fifty-seven dollars and fifteen cents;

Under the Department of Justice, two hundred and twenty-five dollars and forty cents;

In all, ten thousand three hundred and thirty-three dollars and fifty-four cents, together with such additional sum as may be necessary to pay interest on the respective judgments at the rate of four per centum per annum from the date thereof until the time this appropriation is made: *Provided*, That none of the judgments herein provided for shall be paid until the right of appeal shall have expired.

JUDGMENTS IN INDIAN DEPREDATION CLAIMS.

For payment of judgments rendered by the Court of Claims in Indian depredation cases, certified to Congress in Senate Document Numbered Three hundred and twenty, at its present session, twenty-six thousand four hundred and thirty-seven dollars; said judgments to be paid after the deductions required to be made under the provisions of section six of the Act approved March third, eighteen hundred and ninety-one, entitled, "An Act to provide for the adjustment and payment of claims arising from Indian depredations," shall have been ascertained and duly certified by the Secretary of the Interior to the Secretary of the Treasury, which certification shall be made as soon as practicable after the passage of this Act, and such deductions shall be made according to the discretion of the Secretary of the Interior, having due regard to the educational and other necessary requirements of the tribe or tribes affected; and the amounts paid shall be reimbursed to the United States at such times and in such proportions as the Secretary of the Interior may decide to be for the interests of the Indian service: *Provided*, That no one of said judgments provided in this paragraph shall be paid until the Attorney-General shall have certified to the Secretary of the Treasury that there exists no grounds sufficient, in his opinion, to support a motion for a new trial or an appeal of said cause.

JUDGMENTS, COURT OF CLAIMS.

For the payment of the judgments rendered by the Court of Claims, reported to Congress at its present session in House Document Numbered Four hundred and thirty-seven, and Senate Document Numbered Three hundred and thirty-seven, namely:

Under Treasury Department, one hundred and forty-four dollars and forty-five cents;

Under War Department, twenty-six thousand nine hundred and eighty dollars and seventy-four cents;

Under Navy Department, two thousand two hundred and thirty-nine dollars and two cents;