

PUBLICATIONS  
OF THE  
NATIONAL MONETARY  
COMMISSION

SEPTEMBER 1, 1911



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## NATIONAL MONETARY COMMISSION.

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|------------------------------------|--------------------------------------|
| * WILLIAM B. ALLISON, Iowa.        | * JESSE OVERSTREET, Indiana.         |
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| HENRY M. TELLER, Colorado.         | ARSENE P. PUJO, Louisiana.           |
| HERNANDO D. MONEY, Mississippi.    | GEORGE W. PRINCE, Illinois.          |
| ¶ JOSEPH W. BAILEY, Texas.         | JAMES MCLACHLAN, California.         |
| ¶ FRANK P. FLINT, California.      | ARTHUR B. SHELTON, <i>Secretary.</i> |
| JAMES P. TALLAFERRO, Florida.      |                                      |
| BOIES PENROSE, Pennsylvania.       |                                      |

A. PIATT ANDREW, *Special Assistant to Commission.*

\* Deceased.

¶ Resigned.

ACT OF MAY 30, 1908, CREATING THE NATIONAL MONETARY COMMISSION.

[Sections 17 and 18.]

SEC. 17. That a Commission is hereby created, to be called the "National Monetary Commission," to be composed of nine Members of the Senate, to be appointed by the Presiding Officer thereof, and nine Members of the House of Representatives, to be appointed by the Speaker thereof; and any vacancy on the commission shall be filled in the same manner as the original appointment.

SEC. 18. That it shall be the duty of this commission to inquire into and report to Congress at the earliest date practicable, what changes are necessary or desirable in the monetary system of the United States or in the laws relating to banking and currency and for this purpose they are authorized to sit during the sessions or recess of Congress, at such times and places as they may deem desirable, to send for persons and papers, to administer oaths, to summons and compel the attendance of witnesses, and to employ a disbursing officer and such secretaries, experts, stenographers, messengers, and other assistants as shall be necessary to carry out the purposes for which said Commission was created. The Commission shall have the power, through subcommittee or otherwise, to examine witnesses and to make such investigations and examinations, in this or other countries, of the subjects committed to their charge as they shall deem necessary.



## PUBLICATIONS OF THE NATIONAL MONETARY COMMISSION.

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On account of the limited number of copies of these documents which the National Monetary Commission will have for free distribution, authority has been given the Superintendent of Documents, Washington, D. C., to place on sale all publications of the commission. The prices at which they can be purchased from the Superintendent of Documents are indicated after documents which have been issued or are far enough advanced to permit of the assigning of the price.

Documents already issued will be forwarded promptly upon receipt of application. The other documents may be ordered in advance, to be forwarded when issued.

### HOW TO REMIT.

Remittances should be made to the Superintendent of Documents, Washington, D. C., by postal money order, express order, or New York draft. If currency is sent, it will be at sender's risk. Canadian postal notes will be accepted only when the name of the issuing office is plainly stamped on the face of the note. If postage stamps are pasted on, the note will be returned.

Postage stamps, coins defaced or worn smooth, foreign money, or uncertified checks positively will not be accepted.

No charge is made for postage on documents forwarded to points in the United States, Guam, Hawaii, Philippine Islands, Porto Rico, or to Canada, Cuba, or Mexico. To other countries the regular rate of postage is charged, and remittances must cover such postage at the rate of 4 cents for each 100 pages.

### I.—MISCELLANEOUS.

ADDRESS BY SENATOR ALDRICH. THE WORK OF THE NATIONAL MONETARY COMMISSION. (29 pages.) Senate Document 406.<sup>a</sup> Price, 10 cents.

In this address, delivered before the Economic Club of New York, November 29, 1909, Senator Aldrich outlines the banking systems of Great Britain, Germany, and France and explains the methods by which for more than half a century these countries have been able

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<sup>a</sup> The Senate documents which appear in this list were issued during the Sixty-first Congress (1909-10).

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in time of financial stress to prevent any general suspension of banking institutions. He states that it is the purpose of the Commission, after gathering all the data possible, to present a plan which, without prejudice to existing banking interests, will, it hopes, secure for this country the same freedom from disastrous panics as is enjoyed by the leading commercial countries of Europe.

**SUGGESTED PLAN FOR MONETARY LEGISLATION.** By Senator Aldrich. (20 pages.) Senate Document 784. Price, 5 cents.

**INTERVIEWS ON THE BANKING AND CURRENCY SYSTEMS OF ENGLAND, FRANCE, GERMANY, SWITZERLAND, AND ITALY.** (541 pages.) Senate Document 405. Price, 55 cents.

Contains interviews held in Europe by delegates of the National Monetary Commission with representatives of the leading banks and financial institutions of England, Scotland, France, Germany, Switzerland, and Italy. These interviews, preserved in the form of question and answer, as stenographically reported, cover the essential features of banking organization and practice in each of these countries, enabling the reader to get information at first hand on these subjects.

**STATISTICS FOR GREAT BRITAIN, GERMANY, AND FRANCE, 1867-1908,** prepared by Sir R. H. Inglis Palgrave, F. R. S., F. W. Hirst, B. Breslauer, Robert Franz, Albert Aupetit, and M. Lefevre. (354 pages.) Senate Document 578. Price, \$1.

This volume contains a vast amount of valuable data, conveniently arranged, on banking, money, rates of discount and foreign exchange, and gold movements in Great Britain, Germany, and France. For Great Britain the statistics were collected by Sir R. H. Inglis Palgrave, the veteran authority on English banking, and F. W. Hirst, editor of the London Economist. For Germany they were collected by B. Breslauer, of the Bank Archiv and Robert Franz of the Deutsche Oekonomist. For France they were collected by Albert Aupetit, chief of the financial archives of the Bank of France and M. Lefevre, of the archives of the Crédit Lyonnais. For each of these countries the banking statistics are the most complete that have ever been published. The record of the Bank of England can be followed from 1844 to the present time; from 1838 to 1909 the returns of the issue and banking departments are given weekly. Statistics of the Reichsbank

and the Bank of France are presented with equal detail. General statistics illustrating the growth of population, wealth, business, and commerce are given for each country, enabling the student to compare the country's banking with its economic development.

**THE CREDIT OF NATIONS AND THE TRADE BALANCE OF THE UNITED STATES.** By Francis W. Hirst, editor of *The Economist*, and George Paish, editor of *The Statist*. (213 pages.) Senate Document 579. Price, 30 cents.

Mr. Hirst traces the growth of public debts in England, France, Germany, and the United States, giving special consideration to the methods of borrowing, of conversion, and of redemption employed in these countries. Tables showing the selling price and net yield of the bonds of various governments in recent decades are given for the purpose of comparing the relative credit enjoyed by each. Throughout the study the author explains the various influences which have from time to time affected the value of the government bonds of the several countries. Local as well as national debts are considered.

Mr. Paish explains the various factors entering into the trade balance of countries, such as investments of capital and interest payments, freight charges, tourist expenses, and remittances to friends. He then analyzes the factors making up the balance of indebtedness of the United States, showing why this country should normally export more merchandise than it imports. An explanation of the phenomenon of gold imports and exports leads to the suggestion that the United States would be relieved to a large extent of the financial distress often felt in the crop-moving season if she could rely upon the assistance of an influential institution like the Bank of England in keeping up the country's stock of gold.

**FISCAL SYSTEMS OF ENGLAND, FRANCE, GERMANY, AND THE UNITED STATES.** By J. O. Manson, Chief of Division of Accounts, Redemption, and Issues. (86 pages.) Senate Document 403. Price, 15 cents.

A report upon the manner of appropriating, receiving, handling, and disbursing public moneys in the several countries, based upon personal investigation in Europe by Mr. Manson. Attention is given to the assistance rendered by the banks in the fiscal operations of the various countries.

**NOTES ON THE POSTAL SAVINGS-BANK SYSTEMS OF THE LEADING COUNTRIES.** (*128 pages.*) Senate Document 658. Price, 25 cents.

Contains a large amount of material, carefully arranged, on the postal savings-bank systems of various countries. For the United Kingdom, Canada, France, Italy, Belgium, Russia, Netherlands, Austria, Hungary, Sweden, and Egypt an account of the history and organization of the system has been given which has furnished the material for a comprehensive chart, enabling one readily to compare the most important features in the postal savings-bank systems of these countries. Numerous statistical tables are included in the volume.

**ARTICLES.**

**THE DISCOUNT SYSTEM IN EUROPE.** By Paul M. Warburg. (*43 pages.*) Senate Document 402. Price, 10 cents.

Mr. Warburg lays down as a general principle of sound banking that "only that structure is safe and efficient which provides for effective concentration of cash reserves and their freest use in case of need and enables the banks, when necessary, to turn into cash a maximum of their assets with a minimum of disturbance to general conditions." This principle, he finds, is observed by the European banking system, which, by the use of the bank-accepted bill instead of the promissory note, has created an asset commanding the broadest possible market. The relation of the central bank to the discount market, Mr. Warburg points out, is that by carefully guarding the cash reserve of the country the bank always stands ready to lend accommodation to the nonreserve banks. But for the existence of such prime security as the bank-accepted bill the ability of the central bank to lend assistance would be much restricted.

**BANK ACCEPTANCES.** By Lawrence Merton Jacobs. (*20 pages.*) Senate Document 569. Price, 5 cents.

This article gives a description of the European practice of borrowing by means of bank acceptances and a critical analysis of its effects. The author is of the opinion that the European practice of permitting banks to accept time bills of exchange, thereby creating a supply of first-class paper, uniform in quality, has made possible the development of the great public discount markets of London, Paris, and Berlin. The failure of our national banking law to pro

vide for such acceptances he holds, on the other hand, responsible for the nonexistence of a discount market in New York, for the instability of the money rate in this country, and for the disadvantage under which our exporters and importers labor in the matter of foreign exchange. American banks also suffer through their inability to place their surplus funds in an investment which is safe, remunerative, and easily liquidated, an opportunity which Mr. Jacobs believes the bank-accepted bill would offer.

## II.—UNITED STATES.

**STATISTICS FOR THE UNITED STATES, 1867-1909.** Compiled by A. Piatt Andrew. (*282 pages.*) Senate Document 570. Price, 55 cents.

Contains general statistics illustrating the growth of population, wealth, business, and commerce, statistics of banks and banking, of money, gold supply, foreign and domestic exchange, government receipts and expenditures, bond issues and bond quotations, government cash balances, gold holdings, and deposits with the banks. These figures have been collected from different departments of the Government, from state bank supervisors and managers of clearing houses, from many financial journals, and by special inquiry from the banks of the country.

**SPECIAL REPORT FROM THE BANKS OF THE UNITED STATES, 1909.** (*90 pages.*) Senate Document 225, Parts 1 and 2. Price, 30 cents.

Contains tables based on special reports obtained for the Monetary Commission by the Comptroller of the Currency and the state bank supervisors from 22,491 banks of the United States, including national, state, savings, and private banks and loan and trust companies, showing their condition at the close of business April 28, 1909, with the number of depositors, rates of interest paid upon various classes of deposits, etc.

**LAWS OF THE UNITED STATES CONCERNING MONEY, BANKING, AND LOANS, 1778-1909.** Compiled by A. T. Huntington, Chief of Division of Loans and Currency, United States Treasury, and Robert J. Mawhinney, law clerk,

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office of the Solicitor of the Treasury. (834 pages.)  
Senate Document 580. Price, 70 cents.

This compilation contains all of the federal laws pertinent to these subjects which have been passed since the institution of the Federal Government. It is divided into four parts: Finance, Banking, Coinage, and Paper Money, and has been edited with marginal summaries, references, explanatory notes, and a very complete index.

DIGEST OF STATE BANKING LAWS. By Samuel A. Welldon.  
(746 pages.) Senate Document 353. Price, 70 cents.

This volume contains a summary of the laws actually current in the various States with regard to state banks, trust companies, and savings banks. The statutes are systematized as far as possible under the head of each State by division under three general groups—state banks, savings banks, and trust companies. Under each of the three groups the following twelve subheads appear:

- I. Terms of incorporation—including capital, dividends, surplus, etc.
- II. Liabilities and duties of stockholders and directors.
- III. Supervision, including reports and examinations.
- IV. Reserve requirements.
- V. Discount, loan, and sometimes deposit restrictions.
- VI. Investments.
- VII. Overdrafts.
- VIII. Branches.
- IX. Occupation of the same building.
- X. Unauthorized banking, savings banking, or trust-company business.
- XI. Penalties.
- XII. Depositors' guaranty system.

THE FIRST AND SECOND BANKS OF THE UNITED STATES.  
By Dr. J. T. Holdsworth, of the University of Pittsburg,  
and Dr. Davis R. Dewey, of the Massachusetts Institute  
of Technology. (311 pages.) Senate Document 571.  
Price, 30 cents.

Doctor Holdsworth examines all available materials concerning the organization, practices, and history of the First Bank of the United States. He gives special attention to its relations to the Government,

stating that its affairs were administered in the main with an eye single to business and profit and that it never became embroiled in political controversies.

Doctor Dewey has likewise made an exhaustive study of the Second Bank of the United States, describing its organization, development, and experiences. He declares that the conditions under which the Second Bank developed were so different from those existing to-day that "it is difficult to find in the experience of this institution any lessons of importance which may be of special service in the preparation of a plan for a national central bank at a later period, when business methods have been transformed by the railroad, the telegraph, and by the development of corporate enterprise, to say nothing of the change in banking law through the general substitution of national supervision for state control."

STATE BANKING BEFORE THE CIVIL WAR. By Dr. Davis R. Dewey, of the Massachusetts Institute of Technology, and Dr. Robert E. Chaddock, of the University of Pennsylvania. (388 pages.) Senate Document 581. Price, 50 cents.

Doctor Dewey traces from original documents the organization and growth of the banking systems of the several States in the period when note issue was allowed, describing both legal provisions and actual practice. The scope of the study is very broad, covering such subjects as the paying in of capital, the distribution of stock, the length of charter, scope of business, note issue and redemption, system of voting, liability of directors and of stockholders, branches, loans and discounts, deposits, and reserve. Of particular interest is the description of the evils arising from a depreciated note issue and of the methods adopted by the banks of New England and of New York to secure redemption.

Doctor Chaddock has made use of all available material in writing a history of "The safety-fund banking system in New York State, 1829-1866." Banks chartered under this system were required to contribute to a fund held for the guaranty of their combined note issues. All went well, the author relates, until the banking failures of the early forties, when the fund proved inadequate on account of imperfections in the original law. Though these were remedied as time went on, the fund was already too heavily mortgaged to the past to render effective service in its later years.

**STATE BANKS AND TRUST COMPANIES SINCE THE PASSAGE OF THE NATIONAL-BANK ACT.** By Dr. George E. Barnett, of Johns Hopkins University. (*366 pages.*) Senate Document 659. Price 45 cents.

Doctor Barnett has made a critical study of the development of state banks and trust companies since the civil war, pointing out the direction of the growth and analyzing the conditions and forces which have determined it. In Part I, the author has summarized state bank and trust company legislation under the head of capital, liability of stockholders, restrictions on discounts and loans, reserves, branch banks, and supervision. State banks, which did not begin to recover until after 1870 from the prohibitive tax imposed upon their circulation by the law of March 3, 1865, have at the present time essentially the same powers except in the matter of note issue as they exercised before the civil war. Trust company legislation shows two main tendencies, the elimination of the insurance powers, which the institution at first enjoyed, and the development of banking privileges. Doctor Barnett finds, moreover, a recent strong tendency to make the provisions of the banking law apply not to banks or trust companies as such, but to certain classes of business, whether carried on by banks or by trust companies.

In Part II, devoted to a study of the growth of state banks and trust companies, the author discusses the relative advantages enjoyed by these institutions as compared with those enjoyed by national banks, seeking in this manner to explain particularly the very rapid growth of the state banks in the South and West. Detailed statistics will be found in the appendix.

**BANK LOANS AND STOCK EXCHANGE SPECULATION.** By Dr. Jacob H. Hollander, of Johns Hopkins University. (*In preparation.*) Senate Document 589.

An examination of the relations in this country as compared with conditions abroad.

**THE ORIGIN OF THE NATIONAL BANKING SYSTEM.** By Andrew MacFarland Davis. (*246 pages.*) Senate Document 582. Parts 1 and 2. Price, 30 cents.

The author has made a study from original manuscripts of the motives which led to the creation of the national-bank system. The hopeless condition of our currency in 1860, the necessities of the war, the gradual development of Secretary Chase's plan, the securing of Senator Sherman's aid in the final passage of the bill, the slow progress of the national-bank system until the passage of the act of March 3, 1865, laying a tax of 10 per cent on the circulation of state banks—these steps in the establishment of our national-bank system are all carefully traced. The prevailing motive in the mind of Secretary Chase was, according to the author, his "desire to secure a uniform currency which should be more controllable than would government notes emitted for the same purpose. His method of obtaining this currency brought with it the benefit to the market for bonds, the securing of depositories and fiscal agents, and, above all, the guaranty that in the future there should be no banks capable of furnishing credit to revolting States."

**HISTORY OF CRISES UNDER THE NATIONAL BANKING SYSTEM.** By Dr. O. M. W. Sprague, of Harvard University. (*484 pages.*) Senate Document 538. Price, 50 cents.

This volume contains the most complete summary which has yet been prepared of the experiences of banks in the great crises of 1873, 1884, 1893, and 1907. In addition to a careful analysis of the banking and financial history of these events the author also presents in an appendix several of the most authoritative articles which have heretofore been written on these subjects by Secretaries of the Treasury and Comptrollers of the Currency and by such specialists as Mr. A. D. Noyes, of the New York Evening Post, and Dr. A. Piatt Andrew, Assistant Secretary of the Treasury. The lesson to be drawn from the panic of 1907, in the opinion of the author, is the need of energetic united action at such times. "Somewhere in the banking system of a country there should be a reserve of lending power, and it should be found in its central money market. Ability in New York to increase loans and to meet the demands of depositors for money would have allayed every panic since the establishment of the national banking system."

**THE USE OF CREDIT INSTRUMENTS IN PAYMENTS IN THE UNITED STATES.** By Dr. David Kinley, of the University of Illinois. (*229 pages.*) Senate Document 399. Price, 25 cents.

This statistical study, based on a special report obtained by the Commission from all national banks as to the relative use of coin, paper currency, and credit instruments, shows the preponderant extent to which checks and other "credit instruments" take the place of cash in the ordinary business of the country. Doctor Kinley concludes that from 80 to 85 per cent of the total business of the United States is done by the use of credit instruments—from 50 to 60 per cent in the case of retail trade and over 90 per cent in the case of wholesale trade. In the transaction of so large a volume of our business by checks he finds an element of danger in times of monetary stringency. "In such times the uncanceled balance of credit transactions creates a larger demand for money, but the habit of settling by check has meantime kept the available amount of money at a minimum. Consequently there ought to be some means of supplying additional currency when credit as a means of payment diminishes. This currency ought to be as safe and as uniform as the ordinary currency, and it should be capable of being quickly emitted and recalled. That is, it should possess elasticity."

**THE INDEPENDENT TREASURY SYSTEM OF THE UNITED STATES AND ITS RELATIONS TO THE BANKS OF THE COUNTRY.** By Dr. David Kinley, of the University of Illinois. (*370 pages.*) Senate Document 587. Price, 45 cents.

In this volume, which is a revision and continuation of his earlier work, Doctor Kinley follows the policy of the Treasury with regard to the keeping of the public funds throughout its history—its employment at the outset of the First and Second Banks of the United States and of the state banks as depositories, its absolute divorce from the banks from 1847 to 1864, and its gradual return to their use since the establishment of the national banking system. A study of the actual working of the Independent Treasury system and of the policies which Secretaries of the Treasury have followed in their attempts to relieve the money market leads Doctor Kinley to the conclusion that the harm done by the system is greater than the good. He believes that the advantages of occasional assistance in time of crisis are more than

offset by the continued disturbance to the money market resulting from the action of the Independent Treasury in periodically withdrawing and then disbursing a large part of the country's circulating medium.

**SEASONAL VARIATIONS IN THE DEMANDS FOR CURRENCY AND CAPITAL.** By Dr. Edwin W. Kemmerer, of Cornell University. (*517 pages.*) Senate Document 588. Price, 60 cents.

This statistical study is based upon data for the period 1890-1908, so far as data for this period are available, obtained, in part, from clearing-house associations, from individual bankers, and from public officials, and also, in part, compiled from government reports and from financial journals. A study of tables giving interest rates, bank loans, deposits, and reserves, domestic exchange rates and interior currency shipments, foreign exchange rates, and the movement of gold, has enabled the author to determine the regularity and extent of seasonal variations in the demand for money. Statistics concerning the volume of various kinds of money in circulation and the course of bank clearings are used by Doctor Kemmerer for the purpose of determining the degree to which our currency and credit system responds to these seasonal fluctuations. He finds no evidence of elasticity in the currency system of this country—no inclination to expand and contract as the demand for moneyed capital increases or diminishes. Deposit currency, or check circulation, as shown by the clearings, is, however, in Doctor Kemmerer's opinion, the one truly elastic element among our media of exchange. A study is also made of the relation of seasonal variations to prices, to business failures, and to panics.

The volume contains an elaborate compilation of index numbers for the various subjects considered, and many diagrams.

**CLEARING HOUSE METHODS AND PRACTICES.** By J. G. Cannon, vice-president of the Fourth National Bank, New York. (*335 pages.*) Senate Document 491. Price, 45 cents.

This monograph, which is a continuation of Mr. Cannon's earlier work, offers much new material in regard to clearing houses. The account of the devices adopted during the panic of 1907 to tide over the deficiencies in our currency system gives the book special

interest. A description of the clearing-house system, a history of the clearing-house loan certificates issued in times of panic, chapters on the clearing houses of New York, Philadelphia, Boston, Chicago, and St. Louis, and an account of recent developments in the field have been included by Mr. Cannon in this study. The frequent use of cuts to illustrate banking devices will be found of great value to the general reader. Mr. Cannon finds a tendency, very marked in recent years, to include within the legitimate field of clearing houses all questions affecting the material welfare of the banks and the community as a whole. He devotes much attention to this subject, giving an account of such growing practices as the fixing of uniform rates of interest on deposits, of uniform rates of exchange, and of uniform charges on collections, and the appointment of special clearing-house bank examiners.

**SUGGESTED CHANGES IN ADMINISTRATIVE FEATURES OF THE NATIONAL BANKING LAWS. (374 pages.) Senate Document 404. Price, 40 cents.**

This volume contains the replies of representative bankers to a circular letter of inquiry sent out September 26, 1908, to all national banks, and also the statements made, on the same subject by prominent bankers and government officials appearing before the Commission on December 2 and 3, 1908.

The Commission sought light on such questions as the advisability of subjecting bank examiners to civil-service rules, of providing a force of assistant examiners to work in cooperation with examiners in the larger places, of permitting any officer to borrow from his own bank, of amending the law so as to prevent the operation of another banking institution in the same building with a national association, and of increasing the limit to the number of small bills a bank may issue.

## ARTICLE.

**HISTORY OF THE NATIONAL BANK CURRENCY.** By A. D. Noyes, financial editor of the *New York Evening Post*. (*20 pages.*) Senate Document 572. Price, 5 cents.

In tracing the history of our national-bank currency, Mr. Noyes explains the causes of changes in the volume of circulation and considers whether the system has been responsive to the periodic changes in the demands of business. He finds that the provision requiring the deposit of government bonds as security for notes issued has made the volume of bank-note circulation not only inelastic, but very apt to move in a way opposite to the demands of trade. During the later eighties, a period of business activity, increasing revenues gave the Government a surplus to use in the purchase of bonds. The banks sold their bonds and reduced their circulation. During the depression of the early nineties a government deficit led to bond issues and an increasing national-bank currency. The inability of the note issue to contract after the panic of 1907 is also emphasized by the author.

## III.—CANADA.

**THE HISTORY OF BANKING IN CANADA.** By R. M. Breckenridge. (*310 pages.*) Senate Document 332. Price, 30 cents.

This volume, replete with facts and statistics showing the growth and present condition of the Canadian banks, is a continuation of Mr. Breckenridge's earlier volume published some twenty years ago. The author traces the development of banking in Canada from the earliest efforts to introduce the practice into the British North American Provinces in the eighteenth century to the most recent banking legislation of 1908. The monograph gains importance from the fact that the Canadian banking system, with its highly developed organization of branch banking, its large freedom of note issue, and its circulation-redemption fund has for many years attracted attention in this country.

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**THE CANADIAN BANKING SYSTEM.** By Dr. Joseph French Johnson, of New York University. (*191 pages.*) Senate Document 583. Price, 30 cents.

In this study, based upon personal investigations made by the author in Canada, Professor Johnson gives an account of the present banking practices of the Dominion. Attention is also given to Canada's economic development, which, the author believes, has been promoted in no small degree by the excellence of her banking system. Special attention is given to Canada's bank-note issue, which, unprotected by the deposit of securities, has, in Professor Johnson's opinion, proved entirely safe and has given Canadian currency that elasticity which is so much to be desired. He ascribes the strength of Canadian banking to this elastic quality of her note circulation and to the solidarity or unity of her system.

**INTERVIEWS ON THE BANKING AND CURRENCY SYSTEMS OF CANADA.** (*219 pages.*) Senate Document 584. Price, 25 cents.

This volume preserves in the form of question and answer the result of interviews held by a subcommittee of the National Monetary Commission with leading Canadian bankers. The investigation brings out many facts as to the actual working of the Canadian banking system, particularly with regard to the subject of note issue. Questions relating to the currency of the Dominion have been answered by the office of the Canadian Minister of Finance.

IV.—ENGLAND.

**THE ENGLISH BANKING SYSTEM.** By Hartley Withers, Sir R. H. Inglis Palgrave, and others. (*294 pages.*) Senate Document 492. Price, 35 cents.

This volume contains a study, entitled "The English Banking System" by Hartley Withers, one by Sir R. H. Inglis Palgrave on "The History of the Separation of the Departments of the Bank of England," and one by Robert Martin Holland on "The London Bankers Clearing House." Mr. Withers gives a description of the mechanism of the London money market in its relation to the Bank of England, the joint-stock banks, and the discount houses. He enumerates the distinctive functions of the Bank of England and

explains the methods it employs in fulfilling its obligations to the English banking world. Sir R. H. Inglis Palgrave traces the motives which led to the separation of the departments of issue and banking and gives statistical tables and the opinions of various authorities as evidence bearing on the working of the system. Mr. Holland follows the evolution of the London clearing house from its rude beginnings in the eighteenth century to the highly developed organization of to-day, giving an account of the present working of the system.

**HISTORY OF THE BANK OF ENGLAND.** By Eugen Philippovich von Philippsburg; with an Introduction by H. S. Foxwell, of the London School of Economics. (*301 pages.*) Senate Document 591. Price, 40 cents.

It surveys the development of banking in England, with especial reference to the history of the relations between the Bank of England and the Government. This volume is a translation of a new and especially revised edition of a scholarly work which has been familiar to German students of banking for several years.

#### V.—FRANCE.

**EVOLUTION OF CREDIT AND BANKS IN FRANCE.** By André Liesse, professor in the Conservatoire National des Arts et Metiers. (*267 pages.*) Senate Document 522. Price, 25 cents.

This monograph contains a review of the manner in which the Bank of France has attained the dominating position which it occupies in French finance and an account of its relations to the joint-stock banks. Professor Liesse takes up the evolution of banking in France in three periods, from 1800 to 1848, when the business of the Bank of France was restricted largely to Paris; the period from 1848 to 1875, when the bank became truly a national institution by the absorption of the departmental banks of issue, by its aid in the extension of the railway network, and by its masterly conduct of the negotiations for the payment of the great war indemnity to Germany; and from 1875 to the present time, a period in which the Bank of France has become a center of gold supply not only for the great system of joint-stock banks in France but also for the London money market. By making loans of gold to the Bank of England and more recently by the liberal discounting of foreign paper the Bank of France has made itself an

important factor in the international market. The monograph gives particular attention to the development of the great joint-stock banks and the part they have played not only in developing French industries but also in placing abroad French savings to the amount of over thirty-odd billions of francs.

**THE BANK OF FRANCE IN ITS RELATION TO NATIONAL AND INTERNATIONAL CREDIT.** By Maurice Patron. And an article on French Savings, by Alfred Neymarck, editor of *Le Rentier*. (181 pages.) Senate Document 494. Price, 20 cents.

M. Patron shows how the Bank of France acts essentially as a public institution, pursuing the essential objects of building up and protecting the national gold reserve rather than seeking profit for its shareholders. With its \$700,000,000 in gold it has become, in the opinion of the author, practically the reserve reservoir of gold for the financial world. M. Patron describes the support which the bank has given to foreign money markets at various times, especially in the crisis of 1907. He discusses the suggestion of Signor Luzzatti, formerly Italian minister of finance, in regard to an international agreement between banks of issue and government treasuries for mutual support. From such an agreement, M. Patron believes, France, financially the strongest country, would have little to expect from abroad, while it would find its aid urgently solicited at the least alarm among its neighbors. The bank's reserve, he concludes, affords not only an insurance against crises, but also, because of the financial strength it gives to the French Nation, the surest guaranty against the recurrence of great wars. M. Neymarck gives an account of the enormous annual savings of the French people and of the great support these have given to the Bank of France and to French credit.

**THE HISTORY AND METHODS OF THE PARIS BOURSE.** By E. Vidal, editor of *La Cote de la Banque et de la Bourse*. (276 pages.) Senate Document 573. Price, 30 cents.

In this monograph M. Vidal traces the development of the French money market, describes the organization of the Paris Bourse, explaining in great detail its methods and regulations, and considers its influence upon French credit. In France the profession of stockbroker is a monopoly, the Bourse consisting of a limited number of individuals appointed by the State with the sole right to negotiate government and certain other securities. Throughout its existence the Bourse has fought for the abolition of the curb, which, growing up outside of it, has dealt in securities not under the monopoly of the Bourse and, by toleration of the Government, in French rentes, as well. The competition of the curb, in the opinion of the author, has secured for the French money market many necessary liberties, not at first enjoyed. He thinks, however, that its functions could be still more efficiently performed if the profession of stockbroker were made entirely free.

**VI.—GERMANY.**

**THE REICHSBANK, 1876-1900.** (362 pages.) Senate Document 408. Price, 35 cents.

This volume is a translation of a work published in Germany under the auspices of the Reichsbank in 1900, upon the occasion of the twenty-fifth anniversary of that institution. It relates the circumstances under which the bank was established, describes the organization of the institution, and follows its operations through the first quarter century of its history. Of special interest is the account of its relations with the other banks, and the services which it renders to them, and the means which it has adopted to build up its gold reserve. Much attention is also given to the provisions of note issue, wherein Germany sought the safety of her bank notes without impairing their elasticity. Notes may be issued without a covering of cash in excess of the legally stipulated maximum only upon payment of a 5 per cent tax to the Government. All circulation not covered by cash must be covered by discounted bills, and the note issue can in no event be more than three times the cash reserve.

**GERMAN IMPERIAL BANKING LAWS.** Edited by Dr. R. Koch, former president of the Reichsbank. (*330 pages.*) Senate Document 574. Price, 35 cents.

The laws given in this volume include the original bank act of March 14, 1875, which brought unity out of the heterogeneous mass of notes and banking systems of different types in Germany, and the subsequent laws by which the charter of the Reichsbank has been amended at intervals of ten years. Among the latter are included the law of June 1, 1909, which resulted from the special inquiry instituted by the German Imperial Government during the year 1908. In an introduction to the compilation Doctor Koch traces the development of Germany's monetary and banking system, showing how the Reichsbank has come to be the stronghold for the credit of the country. The text of the laws and regulations governing stock-exchange operations in Germany, which have attracted so much attention in recent years, has also been included in the volume. The use of copious notes and the addition of an index to the banking laws much increase the usefulness of the work.

**THE GREAT GERMAN BANKS AND THEIR CONCENTRATION IN CONNECTION WITH THE ECONOMIC DEVELOPMENT OF GERMANY.** By Dr. J. Riesser. (*1,050 pages.*) Senate Document 593. Price, \$1.00.

This monograph is the third edition, completely revised and enlarged, of a work first published in 1905. The author, a distinguished German banker and financial authority, traces the growth of the large joint-stock banks of Germany from 1848 to the present time, and also describes the economic development of the nation in so far as this development exercised a determining influence on the growth of German banking. In the introductory chapter Doctor Riesser lays down the many and important tasks which Germany looked to her banks to perform, and shows how the banks have rendered effective service in the development of the economic forces of the nation. The capital for the large-scale enterprises of the last century, Doctor Riesser holds, could only have been obtained by the creation of great financial institutions, the joint stock banks, which made stock issuing and flotation in Germany a part of the regular banking business. The monograph not only treats the subject of banking development in a general way, but devotes attention to the separate history of each of the great banks. Valuable banking statistics will be found in the appendix.

MISCELLANEOUS ARTICLES ON GERMAN BANKING. (478 pages.) Senate Document 508. Price, 50 cents.

This volume contains the following articles:

- I. THE STATISTICAL HISTORY OF THE GERMAN BANKING SYSTEM, 1888-1907. By Robert Franz, editor of *Der Deutsche Oekonomist*, Berlin.
- II. THE ORGANIZATION OF CREDIT AND BANKING ARRANGEMENTS IN GERMANY. By Geh. Oberfinanzrat Waldemar Mueller, director of the Dresdner Bank, Berlin.
- III. THE METHOD OF PAYMENT BY MEANS OF BANK-ACCOUNT TRANSFERS AND THE USE OF CHECKS IN GERMANY. By Max Wittner and Siegfried Wolff.
- IV. DIRECTOR'S FEES IN GERMANY. By Dr. Carl Melchior.
- V. THE LAND-MORTGAGE ASSOCIATIONS (LANDSCHAFTEN). By Dr. J. Hermes.
- VI. AGRICULTURAL IMPROVEMENT BANKS (LANDESKULTUR-RENTENBANKEN). By Dr. J. Hermes.
- VII. THE GERMAN SAVINGS BANKS. By Dr. Seidel.
- VIII. THE HISTORY OF SAVINGS BANKS IN GERMANY. By B. Breslauer.
- IX. THE STATE AND COMMUNAL SAVINGS BANK LEGISLATION OF RECENT TIMES. By Dr. Robert Schachner.
- X. THE PREUSSISCHE CENTRAL-GENOSSENSCHAFTS-KASSE, OR PRUSSIAN CENTRAL BANK FOR COOPERATIVE SOCIETIES. By C. Heiligenstadt.
- XI. COOPERATIVE CREDIT SOCIETIES (RAIFFEISENSCHE DARLEHNSKASSENVEREINE). By Hans Crüger.
- XII. SPECIAL-LOAN BANKS (DARLEHNSKASSEN). By W. Lotz.

THE GERMAN BANK INQUIRY OF 1908. Stenographic Reports. (Vol. I, 1,162 pages.) Senate Document 407. Price, 90 cents. (Vol. II, 886 pages.) Price, 80 cents.

These volumes contain stenographic reports of the proceedings of the German Bank Inquiry Commission of 1908. The commission consisted of 25 members and was a thoroughly representative body, including leading bankers, merchants, landed proprietors, and professors of political science. They took evidence from nearly 200 authorities and they themselves engaged in a discussion. It is this discussion upon the six questions laid before them which will be found

24 PUBLICATIONS OF NATIONAL MONETARY COMMISSION.

in these two volumes, the first five being considered in Volume I, the sixth in Volume II. The questions which were made the basis of the proceedings of the commission were, in part, as follows:

- I. Is an increase of the capital of the Reichsbank desirable? If so, in what measure?
- II. Is it desirable that the tax-free note contingent be increased? If so, in what measure?
- III. What means are available to the Reichsbank for promoting the drawing of gold from foreign countries, and for obstructing the outflow of gold to foreign countries?
- IV. Is it desirable to endeavor to bring about an increase of the cash holdings of the Reichsbank out of the channels of domestic trade?
  - A. By conferring upon the notes of the Reichsbank the quality of legal tender?

Would such a measure be to the interest of general business?
  - B. By an increased issue of 50-mark and 20-mark Reichsbank notes?
  - C. By diminishing the need of circulating media through extension and intensification of the deposit and transfer (giro) check and clearing system?
- V. Is it desirable to take into consideration a diminution of the demands on the Reichsbank:
  - A. Through a diminution of the credit-demands of business, especially at the quarterly periods?

What measures might be taken to cause a spreading out of the quarterly requirements by altering the time of payments (mortgage payments, salaries, rents) which traditionally fall due on the first day of the quarter?

Would it be desirable to enhance the cost of obtaining money from the Reichsbank on collateral security, at the close of the quarter, by increasing the number of days for which interest is charged?
  - B. Through a diminution of the credit demands of the Imperial Government? Is it desirable for this purpose—
    1. To endeavor to increase the working resources of the Imperial Treasury?
    2. To change the methods in use in the giving out of Imperial Treasury bills? And if so, how?

VI. Does it seem warranted in the public interest (and upon what grounds) to take care, by way of legislation, of the security and fluidity of the investment of deposits and savings?

What measures to this end should be taken under consideration and what effects might be expected from them?

In particular, would a provision of law be desirable that should impose on those institutions (banks, cooperative institutions, and savings banks) that undertake to receive deposits the obligation—

1. With reference to the covering of these moneys, to subject themselves to fixed regulations guaranteeing not only security but also fluidity? If so, what should these regulations be?
2. To make and publish, within definite periods of time, detailed balance sheets of prescribed forms? If so, what should those periods be? (Yearly, half-yearly, quarterly, monthly?) And how should the forms of the balance sheets be constructed so as to serve the purpose in view?

**RENEWAL OF REICHSBANK CHARTER. (268 pages.) Senate Document 507. Price, 30 cents.**

In this volume the commission publishes additional material bearing on the renewal of the Reichsbank charter. The collection includes discussions in the financial press by such authorities as Dr. R. Koch, former president of the Reichsbank, Prof. W. Lexis, and Dr. Moriz Stroell, director of the Bayerische Notenbank; the reasons given by the legislative committee for the changes recommended in the charter; and the law of June 1, 1909, which amended the bank act. The principal changes in the bank act, made upon recommendation of the inquiry commission, were the raising of the amount of the tax-free note contingent for the Reichsbank from 450,000,000 marks to 550,000,000 marks, with the provision that at the beginning of each quarter the uncovered issue might be permitted to rise to 750,000,000 marks, and the making of the notes of the bank legal tender.

## VII.—SWITZERLAND.

THE SWISS BANKING LAW. By Dr. Julius Landmann, of the Swiss National Bank. (269 pages.) Senate Document 401. Price, 30 cents.

This monograph contains a study and criticism of the Swiss legislation respecting banks of issue and especially of the federal act of October 6, 1905, which established the Swiss National Bank. Dr. Landmann traces the history of the unsuccessful experiments made to restrict circulation and to regulate exchange and tells how they were finally abandoned for a central bank. His account of the organization of this national bank brings out the fact, that although the law establishes no maximum in the matter of note issue it does require metallic coin, for at least 40 per cent of the circulation. For the remaining 60 per cent not covered by metal there must be a cover consisting either of Swiss discount bills or foreign bills. Moreover the bank must keep all short-time liabilities (i. e., liabilities falling due or demandable within ten days), covered by their equivalents in legal tender, gold bars or foreign gold coins, Swiss discount bills or foreign bills. The appendix contains the text of the law of 1905 and abstracts from recent articles and reports upon the operation of the act.

## VIII.—ITALY.

ITALIAN BANKS OF ISSUE. By Comm. Tito Canovai, general secretary of the Bank of Italy, and Carlo F. Ferraris, of the University of Padua, together with the text of the Italian banking laws. (345 pages.) Senate Document 575. Price, 35 cents.

Comm. Canovai describes in striking manner Italy's struggle to attain a sound banking system—the limitation of the privilege of issue to the six banks of the Consorzio in 1874, the disastrous building speculations which brought the Banca Romana to ruin in 1893, the founding of the Bank of Italy in the same year, and the successive steps by which it has attained a position of great financial strength. The author holds that the establishment of sound banking in Italy was made possible by the recent improvement in her economic and financial condition brought about by the constructive legislation of such men as Giolitti, Luzzatti, and Sonnino.

In a much shorter monograph Signor Ferraris gives particular attention to the organization of the Bank of Italy, the largest and most influential of Italy's three banks of issue. The bank must hold a metallic reserve amounting to 40 per cent of its outstanding notes. A maximum limit to the circulation is also fixed, which can not be exceeded unless the notes are covered by cash or made subject to the payment of a special tax.

#### IX.—SWEDEN.

**THE SWEDISH BANKING SYSTEM.** By A. W. Flux. (248 pages.) Senate Document 576. Price, 25 cents.

This volume, prepared for the Commission in Sweden, describes the country's experience with independent banks of issue and explains the reasons which recently led her to transfer the privilege of issue to the Royal Bank, the central banking institution of the country. The author describes the development of the Swedish banking system from the granting of the charter to the Royal Bank on November 30, 1656, down to the present, giving an account of the organization and working of the Royal Bank, the joint-stock banks, and other banks. The notes of the Royal Bank are legal tender and are redeemable in gold. A minimum reserve is fixed at 40,000,000 crowns (\$10,720,000), or 40 per cent of the authorized circulation of 100,000,000 crowns, but any additional amount may be issued when fully covered by gold or foreign balances. A supplementary chapter on the banks of Denmark and Norway is included. In the appendix, which is devoted to statistics of note issues and the text of various banking laws, will be found a chart showing for the Bank of Sweden the amount of notes in circulation, the inland bills discounted, and the gold held in Sweden on the last business day in each week and in each month of the years 1904 to 1909.

#### X.—BELGIUM.

**THE NATIONAL BANK OF BELGIUM.** By Charles A. Conant. (238 pages.) Senate Document 400. Price, 25 cents.

This monograph gives the origin and history of the National Bank of Belgium and describes its actual operation. The bank was established in 1850, following the collapse of the system of issuing bank

notes through banks, which engaged largely in financiering, instead of basing their issues upon liquid assets. It has served as a model of the revision of the charter of the Bank of the Netherlands and of the National Bank of Japan, when she abandoned her unsuccessful experiment with the system of independent banks issuing notes on public securities. The basis upon which the notes, unlimited in amount, are issued is convertible commercial paper maturing within short terms. The proportion of reserve to notes, left by the charter to be fixed by mutual agreement between the minister of finance and the bank, is placed at 33½ per cent, but the minister of finance has power to suspend this requirement in an emergency. The circulation exceeds 800,000,000 francs, deposit accounts amounting to only about 200,000,000. The bank acts as a central institution, regulating the money market and performing the fiscal functions of the treasury.

#### XI.—MEXICO.

**THE BANKING SYSTEM OF MEXICO.** By Charles A. Conant. (284 pages.) Senate Document 493. Price, 35 cents.

In this monograph will be found an account of the banking experience of Mexico under the administration of President Diaz. Before the law of 1897, which brought about unity of system, Mexico had a few banks, largely financed from abroad, having special concessions, and subject to no uniform requirements as to circulation, reserves, and other obligations of sound banking. The reform of 1897 which took away the monopoly of note issue from the National Bank of Mexico, the most important banking institution, provided for banks of three types—banks of issue, issuing notes payable to bearer on demand; mortgage banks, issuing mortgage bonds to cover loans on real estate; and banks of finance or promotion, issuing treasury bonds to cover loans to industry and agriculture for short terms. At the center of the banking system stands the National Bank of Mexico, deprived of monopoly of note issue but still exercising the functions of a central bank of rediscount and of collector and custodian of the internal revenue. Mr. Conant gives an account of the successful way in which the bank met the demand for credit and currency in the autumn of 1907. This success, he believes, throws light on the question whether the function of a central bank in regulating the exchange and the movement of gold can not be successfully performed, even though it does not control the entire circulation of paper currency.

## XII.—OTHER FOREIGN BANKS.

**BANKING IN RUSSIA, AUSTRO-HUNGARY, HOLLAND, AND JAPAN.** (214 pages.) Senate Document 586. Price, 25 cents.

- (a) ORGANIZATION OF BANKING IN RUSSIA. By Professors Idelson and Lexis.
- (b) THE AUSTRO-HUNGARIAN BANK. By Robert Zuckerkandl.
- (c) THE BANK OF THE NETHERLANDS. By R. van der Borcht.
- (d) THE BANKING SYSTEM OF JAPAN. By Marquis Katsura, Premier and Minister of Finance of Japan; Baron Sakatani, Ex-Minister of Finance; S. Naruse, Financier, and Dr. O. M. W. Sprague, of Harvard University.

The history of banking in Russia centers around the Imperial Bank, which after years of financial instability has within the last two decades been established on a sound basis. The building up of a gold reserve under the direction of Count Witte, the resumption of specie payments in connection with the adoption of a gold standard in 1897, and the acquirement of more liquid assets are evidences of this reform. Notes may now be issued up to 600,000,000 rubles on the security of a 50 per cent gold reserve; above 600,000,000 the circulation must be fully covered by gold.

Professor Zuckerkandl describes the development of banking in the dual monarchy, the establishment of the Austro-Hungarian Bank in 1878, and its services in bringing the gold standard into actual operation in 1901 by instituting in that year the redemption of its notes in gold. In recent years its large dealings in foreign bills have enabled it to maintain stable exchange rates, and thus keep intact its large gold reserve.

The central bank of issue of the Netherlands, the Bank of the Netherlands, was created by the royal decree of March 25, 1814. The provisions regulating its note issue, fixed by royal ordinance, require the bank to keep a metallic reserve amounting to 40 per cent of its bank notes and all other demand liabilities as well.

Marquis Katsura describes Japan's endeavors to find the banking system best fitted to render assistance in her economic and financial development. The system of independent banks, patterned after the American model, was given up in 1882 for a central bank of issue, when the Bank of Japan was established. The organization of this bank was copied from the Bank of Belgium, though the regula-

tions as to note issue resemble the German provisions. Up to a certain amount issue is permitted upon the security of commercial bills or national bonds; above that amount notes can only be issued upon specie security or subject to a tax of not less than 5 per cent per annum. Marquis Katsura's description is supplemented by the opinions of various authorities on Japanese banking.

### XIII.—PORTFOLIO OF DIAGRAMS.

**FINANCIAL DIAGRAMS.** Prepared by A. Piatt Andrew.  
(24 diagrams in color, bound in cloth.) Senate Document  
509. Price, \$1.75.

These diagrams present in graphic form the operations and growth of the different kinds of banks, changes in the money supply, movements of money and merchandise, rates of discount and of foreign and domestic exchanges in the United States and other countries during the last forty years.

The volume contains the following diagrams:

1. Number of national and state banks and trust companies, 1867-1909.
2. Capital (including surplus) of national and state banks and trust companies, 1867-1909.
3. Average capital of national and state banks and trust companies, 1867-1909.
4. National-bank circulation as compared with national-bank capital and United States bonds outstanding, 1867-1909.
5. National bank note circulation, monthly, 1864-1909.
6. Circulation of national banks of New York City, other reserve cities, and nonreserve cities at date of each report, 1879-1909.
7. Principal items of resources and liabilities of the national banks at date of each report, 1863-1909.
8. Net balance of United States Treasury and Treasury deposits in the national banks, 1864-1909.
9. Discount rates in Berlin, London, Paris, and New York, 1888-1908.
10. Official discount rates in France, England, and Germany, 1878-1908.
11. Discount rates in England, Scotland, and Ireland, 1888-1908.
12. Average net price of bonds of England, France, Germany, and the United States, 1878-1908.

13. Average price of bonds of England, France, Germany, and the United States reduced to a 3 per cent basis, 1878-1908.
14. Real interest earned upon European, English, and American government bonds at their average market price, 1878-1908.
15. General stock of money in the United States, 1867-1909.
16. Money in circulation in the United States, 1867-1909.
17. Net imports and exports of merchandise and gold, 1867-1909.
18. Foreign and domestic movements of money to and from New York City, weekly, 1899-1909.
19. Monthly movements of cash between New York clearing-house banks and interior during 1905, 1906, 1907, 1908, and average year.
20. New York exchange rates, high and low, on London, Berlin, and Paris, weekly, 1899-1908.
21. Exchange rates on New York from Chicago, St. Louis, New Orleans, and San Francisco, weekly, 1899-1908.
22. Loans, deposits, actual and required reserves, and circulation of the New York clearing-house banks, weekly, 1869-1909.
23. Individual and total deposits in all national banks and in national banks of New York City, 1867-1909.
24. Average gold holdings of Reichsbank, Bank of England, Bank of France, and United States Treasury, 1878-1909.

