But the additional restraints and checks which experience suggests to the Comptroller as necessary to enable him to supervise with effect the 1,600 Banks subject to his authority throughout the entire Union, are manifold and various. Among his latest recommendations for example are suggestions that stringent clauses are required to prevent National Banks from being set up by persons who find the means of borrowing the largest part of the available means, and applying them to most objectionable speculations. Clauses, also, he urges, are required to compel the Banks to give monthly instead of quarterly returns, inasmuch as the comparative infrequency of the quarterly dates enables the Banks "to prepare for a good exhibit on these particular days."

Added to these imperfections, discovered by the Washington Executive, must be the complaints already loud in several parts of the Union against the dangers and abuses arising from the exercise of the patronage conferred on the Secretary of the Treasury regarding the selection of National Banks to be depositories of public money, and to be financial agents of the Federal Government. It is a paramount object with a National Bank to obtain the custody of Government money. Selection for such a trust is used as an advertisement to attract private deposits and private business, and largely succeeds. The "First National Bank" at New Orleans, holding Government Deposits, has just failed, under disgraceful circumstances—that is to say about £300,000 has been made away with in a clandestine manner, and a leading authority in New York writes—"The machinery of the National Banks has proclivities to weakness and danger which cause well-founded apprehension. This has long been evident, and if any persons have hesitated to believe it, the disclosures at New Orleans, and the disgraceful previous failures of National Banks in various parts of the country, leave no room for further doubt. The best way for a shrewd manager of a National Bank to obtain private deposits, is to get up an appointment for his institution as a depository of Government funds."

The same authority refers to another result already prominent—namely, the increasing number of Banks which, even on the face of their own quarterly returns, admit that they do not hold the amount of cash reserve required by law. The returns of October last showed that 65 Banks then held reserves considerably below the prescribed limit. It is now complained in New York, "that the Comptroller has not announced publicly how many of the Banks are defaulters in their reserves since October, 1866, nor what measures have been taken to correct this serious defect."

The uniformity of the pattern of the National Bank Notes, and the facility with which they circulate all over the Union, has led to the most serious forgeries.

We may now state the following conclusions:—

1. It is clear that the establishment of National Banks, under the original Act of February, 1863, and the subsequent amendments of it, has not improved the quality of the Banking institutions of the country, inasmuch as the State Banks, which have been superseded by the National Banks, had in almost all the States, but especially in the more populous and commercial parts of the Union, arrived gradually by steady adherence to the practice of a rigid enforcement of cash payment, at a condition eminently wholesome and satisfactory.

2. Nor is there any ground for supposing that the National Banks have afforded more real aid to the Federal Treasury than was, or could be afforded by the State Banks. Up to March, 1865, or just at the close of the war the circulation of the National Banks was no more than about 25 millions sterling. The expansion to the present limit of 60 millions sterling is the work of the last two years. In like manner, the total paid-up capital of National Banks was only 20 millions sterling in March, 1865, and has risen to 84 millions sterling since that time. The obligation imposed on National Banks of investing at least one-third of their paid-up capital in Federal securities was, in a great measure, an illusion, inasmuch as the State Banks did already hold nearly, if not quite, as large a proportion of their assets either in State or Central Government securities, and to compel these investments to be wholly in Federal bonds practically depreciated one class of American obligations more than it assisted the other. Moreover, the price paid by the Government to the National Banks for their acceptance of these conditions was, as we have shown, extravagant.

3. In the absence, probably the inevitable absence, in the United States of any powerful Central Bank for the management of the Government business, it is plain that in 1862, when it had become manifest that the war had assumed vast dimensions—when cash payments had been already suspended, and when large and constant loans were required—the true policy of Mr Chase would have been to have selected in four or five or more of the leading States a limited number of the most solid and reputable of the existing State Banks, and have sought through their independent assistance the support which he intended to find, but did not find by enforcing the violent measure of creating under the absolute control of the Washington Treasury a multitude of novel, untried and retail banking offices, from one end of the vast territories of the Union to the other.

4. The advantages and strength of the State Banks arose from their observance of the two cardinal rules of all sound banking legislation, viz.—(1) perfect freedom on the part of the public to enter, subject to a few reasonable preliminaries, into the business of banking by starting new banks, (2) sole reliance for the repression of over trading by banks upon the rigid and constant enforcement of cash payment, whether as regards notes or any other kind of obligation. Under the operation of these principles the State Banks constantly conformed to the real requirements of the business of the country. Their circulation was precisely as much as and no more, than the public wanted and could pay for and it was distributed over the country precisely in unison with the character of the industries carried on. The Circulation of each State Bank was a purely local element, and hence the liability to forgery was small.

5. The danger and weakness of the National Banks arises from their systematic disregard of the very principles which had raised the State Banks to success. (1) The National Banks have been called into existence, and have been distributed over the country not by the unfettered action of natural laws—that is, by supply and demand freely adjusting themselves—but by the arbitrary discretion of a public officer, acting in most cases in perfect ignorance or misapprehension of the circumstances, exceedingly prone to be influenced by motives of party patronage, and chiefly intent not on supplying the fittest banking institutions to the several parts of the Union, but on finding active and wealthy sympathisers with the Republican party, who, through the medium of the National Banks, would support first, Northern measures and next, the views of the majority of Congress. (2) Under conditions like these, National Banks have been set up by persons having no adequate knowledge of the business. They have started a bank either chiefly as a party measure, or as a convenient mode of getting nearly double rates of interest for their money, or with a view of attracting deposits and employing them in private speculations of their own, or with the object of commanding a deposit of public money, and becoming Government financial agents. (3) As the Circulation of the National Banks is essentially general and not local, the check of constant liability to its return through the exchanges does not operate. (4) Lastly, the supervision of the Comptroller at Washington over 1,600 Banks must, of necessity be almost worthless for any purposes of practical control even if it was desirable that all the Banking institutions of a country should be in any sense subject to the regulations of a party political officer.

6. The imperfections of the National Bank system are already becoming practically manifest—(1) in the admitted imperfection of the returns made by the Banks, (2) in the admitted abuses which prevail in the administration of many of them, (3) in the admitted exercise of unjustifiable patronage in the selection of particular Banks to be depositories of public money, and to be financial agents; (4) in the admitted necessity of further stringent legislation (e.g., the prohibition of interest on deposits) carrying to a yet greater extent the effort to set up an artificial as opposed to a self-acting system of Banking.

7. Unless modifications are speedily introduced of which at present there is no sign whatever, but the exact contrary, it is not difficult to foresee the manner in which the National Bank System will sooner or later come to an end. The large number of incompetent, inexperienced, careless, scheming and speculating people, who have forced themselves or been attracted into the control of National Banks, will grossly mismanage the business. They will dissipate the deposits in foolish or disreputable advances, and the Banks will fail. Under the law of prior lien, the Government will, out of any available assets, as far as possible, pay itself first, and in full the amount of its deposits, and the ordinary creditors, as in the recent case at New Orleans, will be left without a farthing. The Notes of the failed Bank will be at least to some extent covered by the lodgment of Federal securities, but there will be a wide field for ingenious financing in the realisation, sudden or gradual, of these securities, and in the cancelling, sudden or gradual, of the particular National Bank Notes tainted by default. It is very possible that a series of failures of National Banks may create a panic and bring down a large part of the organisation at once, or the distrust and dissatisfaction may operate more gradually. During the last two years, the National Banks have had all in their favour. They have run up their Circulation from 25 to 60 millions sterling, and prices have all been rising. They have now reached the limit to which they can issue Notes, and the process of reaction has set in, which, by slow stages and after a considerable interval, will render cash payments again possible. But this period of reaction is precisely the kind of ordeal which a host of new Banks, hastily set up for political purposes, and largely in the hands of persons utterly ignorant of sound Banking rules, are least likely to encounter with success or survive with credit.

THE SAMPSON CAR WHEEL.

IT IS TESTED BY THE NEW YORK CENTRAL RAILROAD COMPANY, AND FOUND TO BE A DECIDED SUCCESS.

On the 12th inst., an excursion took place over the New York Central Railroad, that part of it running from Troy to Schenectady, for the purpose of testing the merits of a new and most important invention in the matter of car wheels by Mr Elnathan Sampson, of Lansingburgh, Rensselaer County, New York, and of which Mr Sampson, Hon Marcus P Norton and Edwin Chamberlain Esq of Troy are the owners. The new and improved wheels were attached to two cars, one a passenger and one a baggage car, both of which were filled by a large number of prominent railroad and other gentlemen interested in important inventions. This invention which is destined to wholly revolutionize for the better the rotary power and character of railway rolling stock and incidental machinery, consists in the conical and lateral tread, combined with the flange of the wheel the design of which is in passing the curve of the track the outer wheel shall pass over the outer rail in the same time that the inner wheel passes over the inner rail obviating any sliding of the outer wheel, thereby preventing the twisting of the axle, straining of the journal bearings and boxes of the axle, straining of the wheel and the usual wearing and tearing of the rail. In short this invention absolutely relieves all friction not incident to an air line track. Cars containing or moving upon this wheel will pass all curves in the road with as much ease and with the same friction as upon an air line track so that no more power is required to move heavy freight or passenger trains upon and over railway curves than upon a straight or air line track. This being the case, there must of course be a great economy in fuel and oil no less than in the general wear and tear of the locomotive engine and entire running gear or machinery. Prominent railway and practical men upon the excursion carefully estimated that quite or nearly one-third of the power was saved in moving heavy trains over or upon curves. Hence it is manifest that the railroad rails will wear a greater length of time (especially those which form the curve) than has hitherto been the case with the ordinary wheel now in use. Upon actual trial it is found that this wheel will adjust the truck of cars to the condition of the track at the time and over which it is passing.

Another great point of public interest in the invention is that by the use of the improved wheel there is far less liability of the cars being thrown from the track. Indeed there is great additional security against the cars being thrown from the track while passing rail joints, curves, or over any irregularities in the rails of the track. Then again there is much less lateral motion to the cars in passing over any portion of the track than by the ordinary wheel now in use. In the new wheel the lateral motion against the rail is scarcely perceptible, and is calculated to draw one-third more around a curve. The tread of the wheel is so constructed as to increase its diameter, thus adapting itself to the curves over which it passes. The late excursion train on its return trip ran a distance of twenty two miles in twenty-seven minutes and thirty seconds, as guaged by L. H. Tupper, of Troy, and formerly Superintendent of the Rensselaer and Saratoga Railroad, and did not once touch the guiding flange in the whole distance of forty-six miles going and coming, and it is well known that the branch connection of the New York Central Railroad running between Troy and Schenectady is the most crooked piece of road to be found anywhere in the United States.

PRO AND CON.

From the N. Y. League for July

THE FREE TRADE LEAGUE having posted large show-bills containing an exposition of THE LEAGUE'S "creed" in very conspicuous parts of New York City and the adjacent country the "Protectionists" have retaliated by pasting an *ad captandum* handbill, principally on the east side of the city, in the parts most inhabited by mechanics and labourers. It is given below on the left hand column, and on the right we lay bare its fallacies and sophistries:

FREE-TRADE.	"PROTECTION.
We are opposed to FOREIGN "FREE-TRADE" for these among other reasons:	We are opposed to CHINESE-WALL "PROTECTION" for these among other reasons:
1 Because it drains the country of its gold to pay for foreign merchandise, and it leaves us with a paper currency.	1. Because it prevents us selling our goods abroad, deprives the people of a market and the government of revenue, and delays the resumption of specie payments, and leaves us with a paper currency.
2. Because it fills our markets with foreign-made goods, which crowd our own *out* of the markets.	2. Because it prevents cheap foreign goods from coming into our market and crowding the dear goods of the "Protectionists" *out* of the market, or reducing them to as low a price as that of the foreign goods, to the great profit of the vast bulk of the labouring men and women of our people.
3. Because workingmen need the greatest possible demand for their labour, which is checked by the importation of goods made *by foreign steam engines*.	3 Because workingmen need the greatest possible demand for their labour, which is checked because they are not allowed to trade *freely* with foreigners, who, by the great facility which their *steam-engines* afford them for manufacturing, are enabled to spend their surplus capital in buying the products of our people
4 Because it is to the interest of workingmen to have the *greatest diversity of employments*, and the best market for the most remunerative labour	4-5. Because it is to the interest of workingmen to have the *greatest diversity of employments*, and the best market for the most remunerative labour, and because a diversified and skilled industry forms a *great element of prosperity* in a free and civilized country. Whereas "Protection" draws away capital and labour from industries naturally profitable to others proved to be unprofitable by their need of artificial support, and which can never become firmly established, but dwindle away after driving off the industries natural and profitable which would result under the natural system, and afford workingmen the best market for the most remunerative labour.
5. Because a diversified and skilled industry forms the *great element of prosperity* in a free and civilized country	