

Correspondence.

WHEAT STANDARDS.

Editor MONETARY TIMES:

SIR,—I have nothing to do with either the Montreal or the Toronto Boards of Trade—officially, that is, and I don't propose to defend them in the action they took in complaining of mixing wheat in Lake Superior elevators. They can probably do this themselves. But what riles me is the scornful and stand-and-deliver sort of way that the Winnipeg Grain Exchange talk back at them.

This memorial that the Winnipeg men send to Government seems to me to have been written by two different men, an old head and a young head. One part takes the pains to argue the questions in dispute. The other cheekily says: "Who are you Montreal and Toronto men, anyway? What business is it of yours how we run our business? You are a disgruntled lot of sand-baggers down in the effete East. We have no grievances, and why should you have any? You are worse mixers than we are, anyhow. Finally, you go to Jericho."

Now, Mr. Editor, this is no way to settle a business question, namely, the degradation of grain, which, in my opinion, is too important to the whole country to be burked by bullying language. If Eastern men are guilty of it, let them be found out and punished. If Winnipeg or Port Arthur men, ditto. This memorial talks about "right and title to the business of Manitoba." Why, God bless us all! if it had not been for these much-abused "Eastern men," there would never have been a Winnipeg Grain Exchange. Yours truly,

SOBER SIDES.

Kingston, 7th Nov., 1894.

AMERICAN CURRENCY QUESTION.

ADDRESS OF HON. JAMES H. ECKELS BEFORE THE BANKERS' ASSOCIATION AT BALTIMORE.

Mr. President, Ladies and Gentlemen,—When it was suggested that I should prepare a paper for this occasion, I replied that having had the honor at the last convention of the American Bankers' Association to deliver an address, I should content myself now with simply a few extemporaneous remarks. I felt that I should like to meet those here present because the great majority, I take it, are in the system over which I have the honor to preside. That system, springing out of the necessities of a great war, founded for the purpose of affording to the United States a market for bonds necessary to be issued to meet the expenses of government, has grown until at present there are more than 3,800 National banks throughout the Union, employing a capital of more than 650 millions of dollars, possessing assets amounting to more than three billions, and whose business relations extend, not only over this great continent of ours, but reach to every point within the circle of the globe where the doings of commerce are carried on. In the past it has been a successful system. It has met in a large measure the needs and wants of the people in their daily business transactions. It has done much to uplift and simplify the business transactions of the world. It has given a currency which, at least, has been sound in fact, so that every bill which has been issued by it is of the value which it purports to carry.

Whether that system, now that other changes are coming upon the people, will meet the requisites of business and of the daily transactions in the matter of the issue of currency, is a question which is open to discussion. Whether or not any system of issuing currency, founded upon a deposit of securities, has that other equal requisite, a quick response to the needs of the people in their business transactions as well as safety to the holder, is a question which can be discussed with profit at such a gathering as this.

There is nothing so deserving of attention, so deserving of candid thought and intelligent study, as the question of finance. We may have upon the statute books laws which interfere with the individual liberty of the citizen, and yet the American people can stand up under such a burden. We may have on the statute books laws which unjustly take from one and give to another, and yet the mighty energies of the American people can so assert themselves that we can still compete with the whole world in manufacture and in art. We may have upon

the statute books laws which are unjust in interfering with the proper rights of property, and yet our country prosper. But we cannot crystallize into a statute and make it the law of the land any idea which makes, either at home or abroad, the soundness of our financial system a matter of question.

No legislator ever sitting at Washington, in the discharge of his duty, legislated upon a financial question for the American people alone. The questions of finance touch not alone our own people, but they touch the people of every country with whom we are carrying on financial transactions. There may be those who have discovered the art of making this country of ours, within and of itself, able to maintain a money discredited elsewhere, and yet not suffer for it; but if there be they have not demonstrated by the events of history that the thing has been accomplished. You cannot, if you try, separate the United States and its financial system from the other countries of the world and their financial systems until you have builded about it a wall that is more certain to keep the outsiders out than a Chinese one, and you cannot here maintain a financial system which does not accord with the financial systems of the countries other than ours, until it has been determined by statute and carried out by the acts of the people, that this country shall carry on no business transactions with others save the people who reside within our own borders.

Therefore, however friendly we may feel to any money, whether it be of metal or paper, unless it is evident by facts instead of theory that that money will meet the obligations of the people of this country both at home and abroad, this country cannot afford to enter upon the use of it. You cannot experiment in finance without danger. You cannot undertake a system of currency unless it possesses the confidence of the people, and it can only possess the confidence of the people when every dollar of it is either intrinsically or representatively of the value which it purports to carry. There has never been an experimental statute placed upon the statute books but that it has found its fruition in widespread financial distress. There never has been an attempt on the part of a nation or State to have either a monetary system or a banking system that was inherently unsound, but that the result has been great panics and great financial disorders. The history of the legislation of this country, colonial, federation, State and national, demonstrates the truth of the assertion, and the record of panics from first to last has been that the origin of them in the very largest measure has been in the enactment and the operation of some financial law of the country. The financial depression through which this country has just passed had for the culminating cause a piece of experimental legislation upon the silver question, and it found its results, as was predicted by the student of financial history here and the observer abroad at the time it was finding its enactment, in what the people of this country have just witnessed.

It is, then, worthy not alone of your attention, but of the attention of every citizen, whether he be a manufacturer, a merchant, a capitalist, or, above all, a laborer whose only income is the money which he receives in payment of his daily wage, to consider whether or not this country can afford to have any other than the very best financial system that the world knows, and a money which under any and all circumstances carries the full value which it purports to carry.

Unwise financial legislation has produced disasters in the past. It will produce disasters in the future, and greater disasters even, because each disaster through which the American people pass lessens their energies and depletes their material resources. Therefore, it cannot but accomplish good when there is brought together a body of men who, animated by the single purpose of accomplishing good for the country, for the government and for the people, undertake and does discuss intelligently and patriotically monetary subjects.

I congratulate you upon this meeting, and I trust the outcome of the discussion upon the currency, which I understand is upon this day's programme, may not alone be profitable to you but to the whole people, and whether or not you may formulate a plan which will commend itself to the legislative body at Washington, you still will have advanced the cause, because you will have directed the attention of the people and of Congress to the fact that at last you are thinking upon a plan which will be definite, and which you desire to submit for their consideration.—*Rhodes' Journal of Banking.*

MONEY AND SHARES.

The week has not been without its encouraging features, and the stock market closes with prices averaging as well, if not slightly better, than a week ago. But at the same time there have been disappointments in the share market. At the time of writing transactions in C.P.R. are reported at 62½ and 63 in New York, and 62½ and 63 in Montreal, with the London market having closed ¾ off. The break in Montreal of Dominion Cotton Company stock is to be regretted, as this has been numbered among the best of our industrial securities. The decline was caused by a notice that the quarterly dividend, which is to be paid soon, will be 1½ per cent. instead of the usual dividend of 2 per cent. A reduction in the earnings of the company was to be expected. For although the wages of the employees in the various mills have been reduced and rigid economy in working expenses practiced, the decline in prices of manufactured cottons which recently took place must have seriously affected the net earnings of the company. The dividend per annum stands now at 6 per cent.; three years ago the annual dividend amounted to 10 per cent.

Money is easy, but bankers dislike to break the rates. And it would appear that its low price is not without disadvantages. Municipalities are taking advantage of the low rates to increase their indebtedness by floating debentures. But debt is debt, whatever be the rate of interest, and debts some day have to be paid. Municipal corporations, like private persons, are often encouraged to enter into extravagance by cheap credit. There is some talk of bringing down the rate of gilt-edge call loans to 4 per cent., but for the present it remains at 4½ to 5 per cent. In New York the call loans on stock collateral are offered at 1 per cent. The time loan market is also extremely dull. Business is reported to have been done as follows: 1 per cent. for thirty days, 1½ per cent. for sixty days, 2 per cent. for ninety days, 2½ per cent. for four months, and 3 per cent. for longer dates.

BREAKERS AHEAD.

The world moves. Knowledge is increasing. Science is moulding opinion. A great change is coming over the surface of one phase of life insurance. Past experience and the laws of nature are convincing many well-meaning but misinformed advocates of the assessment system of life insurance that the ship they originally launched to ride the waters of human life will not stand the heavy seas and dangerous coasts. Far-seeing and expert mariners like George D. Eldridge, of Washington, and L. G. Fouse, of Philadelphia, have been for some years mapping out the course and taking the soundings of about twenty well-known assessment insurance companies. They have also been looking through their telescopes, and as a result they have hoisted the signal, "Breakers Ahead." This warning, coming from assessment insurance men, and addressed to assessment insurance companies, has all the more force; and, moreover, it is a warning based on facts.

It may not be generally known that since the year 1885 the leading assessment companies in the United States have been each year supplying their actual experience of exposures, deaths and lapses to a central bureau, which has tabulated their combined experience, from which valuable lessons are being drawn.

Mr. L. G. Fouse, perhaps the leading authority in America on assessment insurance, says:

"So far as the mortality element is concerned, I say to you frankly, we should adopt one of the standard tables. We (assessment companies) have no immunity from mortality, and the gain from careful selection is only temporary; its effect disappears entirely about the seventh or eighth year. Those companies which have boasted of a phenomenally low death rate they have had during the first year of their existence, will before a great while be confronted with the *vengeance of the law of average*. If the death rate has been phenomenally low for a term of years, it simply means that it will be phenomenally high for (approximately) a corresponding term of years. To be on the safe side, a company should always collect the tabular rate, even if the death rate should be 50 per cent. below it."

These are the words of the president of an assessment insurance company, and an ex-president of the Convention of Assessment Life Underwriters.