

that, when people know they can get their money from a bank they never run for it, it is only when this is in doubt that they want it in a hurry. The Canadian banks have taken a step in the direction desired by providing a joint note redemption fund by which the note issues of every bank in Canada are made absolutely secure. A discussion took place on the payment of customers' acceptances, with or without direct instructions. In New York a customer's note is treated as his cheque, it is charged up against him on its due date, and it is certified by the bank just the same as a cheque. There is great difference in practice amongst banks, and some uncertainty about the law, but a bank which does not pay its customer's note when due, and when funds are on hand equal to meeting it, cannot be held liable for any damages arising from such non-payment. The better course, we submit, for various reasons is, for the payer of the note to give specific orders to his banker for its payment, as is the universal custom in the Old Country. To pay a customer's notes off-hand when due without instructions opens the door to frauds and other dangers. Another question was as to the power of a drawer of a cheque to revoke it, or forbid its payment. Different States have contrary laws on this point, in Ohio cheques may be revoked, in Illinois they cannot. Custom seems to make all cheques irrevocable after being accepted by the bank drawn on. But there must be occasions when, even after that has taken place, it is right and just for the drawer of a cheque to have the power to stop its payment. The question as to what a banker must do when a customer has, say, \$2,000 to his credit, and his cheques are in for \$2,200. It is customary to select as many as can be paid, but this involves discrimination against others. We believe there is no help for this, the difficulty can be best met by customers only drawing up to the limit of their deposit. Another question was as to the legitimacy of paying interest on daily balances. In that form we cannot pay this question any respect, for what is legitimate or not is not in any degree involved in paying interest on credit balances. It is a question wholly of management, of economy, no principle is invoked one way or the other. If a bank can get large active resources which it can safely and profitably use by such deposits, no reason can be assigned for their abstaining from attracting them by paying such interest as it can afford. A discussion on the question, "should not the national banking law permit the organization of banks of small capital in small towns?" brought out remarks by an ex-Bank Examiner for the State of Maryland, which were identical with those made by THE CHRONICLE on small banks. He regarded the establishment of such small banks as a menace to public credit. they would be regarded with fear by all good bankers. The proceedings of the United States Banker's Convention will tend to bring about that solidarity of interests which Mr. Rhodes very wisely regards as so desirable, and will do good work in bringing banking practice throughout the States more into harmony than at present exists. The emphatic condemnation too of the silver scheme by representatives of all the leading bankers throughout all the

States will do much to make the vote on Tuesday next an impressive endorsement of sound money.

BANKING FACILITIES IN THE WESTERN AND SOUTHERN STATES

The monetary conditions existing in the Western and Southern States are regarded by an English observer as an explanation of the agitation in those sections of the country in favor of free coinage of silver. The farming class in those States have a very tangible grievance. The accommodation they require in moving the crops to market, or storing them, can only be had at a very heavy cost. In their ignorance of banking and currency matters, they are led to associate the dearness of this accommodation with, and to attribute it to, restriction placed upon the issuance of currency by the gold standard, which agitators assure them prevents the free and unlimited outflow of money. The truth is, the farming classes in the Southern and Western States are in precisely the same position as the farmers of Canada were in some years ago before the extension of our banking system through the country towns. The *London Times* contains a letter giving a graphic statement illustrating the unfortunate position of rural traders and farmers in States. At each cross-road is a general store where the proprietor with a small capital, banking and mercantile connections in one or more of the large cities, and plenty of local knowledge is ready to sell farmers all they need on credit, from a mower and reaper to a plug of tobacco. These persons have an open ledger account with each farmer in the locality. They buy everything raised on a farm, credit the seller with it, and pass the amount to his credit. As the storekeeper only ships his purchases of grain when he thinks the market favorable, he has it stored, and insured, or he stores it for his customers and accounts to them when it is sold. Meanwhile the debit balance in his books against each farmer is bearing a high rate of interest, the goods too have been charged at a very high price, and whatever is bought is paid for at the lowest figure. He "fixes the prices at both ends," so the farmers buy in the dearest, and sell in the cheapest markets. Whatever banking a farmer has to do is done inside these general stores on very extravagant terms. The net result of this system is that the entire crops of each farmer are cut down in value by 20 to 30 per cent. from the charges incident to doing business under such inequitable conditions. Governor Altgeld tells them they are the bond-slaves of English gold bugs, which is absurd. But the Western and Southern farming classes really are the bond-slaves of these local general store-keepers, who are also in a certain sense bankers, as well as grain and produce merchants, who dictate at what price a farmer must sell his products, and fix also the prices he must pay for everything he needs. Before the producers of the West and South can enjoy prosperity they will have to throw off the incubus of so wretched a system, and be supplied with the same economical and easily accessible banking facilities as are enjoyed by the agricultural population in Canada.