

"they may send good bills and discount them in Lombard Street, and take away any part of the produce, or all the produce, in bullion."

Sound reasoning, doubtless; but pointing, like all the reasoning of the work, to this, that the movements of bullion from the issue department of the Bank are influenced by and connected with the discount of bills, the movement of deposits, and the course of exchange with foreign countries. And the Directors of the Bank, instead of looking on the movement of bullion in answer to demands for redemption as the working of an automaton in which they are not interested, are urged by Mr. Bagehot in the strongest terms to base on this very movement the most important of all the actions of the Bank, viz., the raising the rate of discount. The whole of the commerce and banking of Europe and America are affected by this action; yet one of the mainsprings of this action is the presentation of notes for gold at the issue department of the Bank. Nothing can show more conclusively the soundness of the opinion we have expressed, that the redemption of notes at the Bank of England is intimately connected with the whole of its business; and that such redemption should be controlled by those whose business it is to watch the course of foreign exchanges, and who can act upon them through the rate of discount.

But we have not done even yet with the witness whom our adversary has cited. On examination, he proves to be the very best we could desire to dispel the misty notion that the issue department is something aside from the Bank—that it is a kind of Government department in fact.

Mr. Bagehot says on page 185:—"The Banking Department of the Bank of England had become the only great repository in Europe where gold could at once be obtained."

Now, here in the author's mind is a complete identification of the two departments of the Bank, for, in reality, it is in the issue department where bullion is really kept. And that this identification is not a mere shadowy notion may be seen by any one who will consult the English *Economist*, probably the ablest monetary journal in the world, of which Mr. Bagehot is the editor. In every number of that journal, after the Bank of England statement, as required by law, we have a statement in which the figures of the two departments are amalgamated. What is the object of this, but to give bankers and practical men a view of the condition of the Bank as a whole, and at a glance.

But to refer again to the work, we find on page 186:—"The effect of a

"timid policy has been to let the gold out of the Bank." Not out of something disconnected with the Bank, but out of the Bank.

On p. 195 Mr. Bagehot makes the somewhat strong statement that the banking department has failed three times since 1844! But the Bank did not fail, as all the world knows, for the Bank consists of the banking department and the issue department combined.

On p. 317 we read:—"If the German Government brings bills or other good securities to this market, obtains money with them, and removes that money in bullion, that money may, if the German Government choose, be taken wholly from the Bank of England. There is no other store in the country." But where is this store? Why, in the issue department of the Bank.

These extracts are sufficient, and as this article is already sufficiently long, we defer any further criticism to our next issue. We will then deal with the remaining points of the letter, and there, we think, it will be reasonable for the controversy to rest, unless it be revived by a Parliamentary enquiry.

REVENUE FRAUDS.

An investigation is being conducted by the Congressional Committee of Ways and Means into the working of the moiety system as applied to officers of the Custom Houses. A hearing will be given to importers and merchants generally in a few days, when, doubtless, the facts will be pretty fully placed before the Committee, who, it is stated, are almost unanimous in favor of abolishing the system altogether, or of introducing into it important modifications in the interests of the Government.

From a document sent by the Secretary of the Treasury to Congress, it appears that between March 1st, 1869, and Nov. 3, 1873, there were 3,000 prosecutions in New York for alleged frauds on the revenue. The gross proceeds of all these cases were \$4,210,391 77; duties, \$222,774 71; costs and expenses, \$234,104 31; net amount paid into the Treasury, \$3,753,512 75. The Collector received \$407,245 97; Naval Officer, \$324,058 64; Surveyor, \$391,213 61; informers, \$716,248 04; total amount distributed, \$1,838,766 26; United States share remaining in the Treasury, \$1,914,746 49. At the two leading ports of New York and Boston the total amount of duties collected and fines evaded in the period above named was:

Duties evaded.....	\$244,605
Gross amount collected	4,862,483

Expenses and costs thereon ...	255,764
Net amount thereof	4,362,913
Of which the U. S. received ...	2,218,897
Bonus to Informers	869,046
Bonus to Collector.....	458,056
Bonus to Naval Officer.....	374,875
Bonus to Surveyor.....	442,030
Total Bonus distributed	2,144,015

In the case of New York the proceeds from seizures and sales of goods and other sources amounted to more than twenty times as much as the duties evaded, and in Boston to more than thirty times as much. From these figures the terrible destructiveness and wastefulness of the system become apparent. But it is only necessary to notice the enormous spoils accruing to the revenue officials and informers to make its condemnation complete. Three officers at the port of New York divided amongst them more than a million of dollars over their regular salaries! At Boston three officers had fifty thousand dollars apiece. Can any one be surprised that under such circumstances not only rogues but honest men should be caught? With a host of discharged clerks, rapacious underlings, and common informers, dogging the heels of importers, ready to catch at the first opportunity, and to spring the trap at the right moment, and with the advantage that the officials to whom the "case" will be referred are deeply interested, not in seeing justice done, but in securing a conviction at all hazards, what chance is there of justice for a trader who has to fight single-handed a conspiracy which constitutes the court, jury and witnesses by whom he is to be tried? A firm, once involved in a revenue prosecution, though entirely innocent, are said to find it generally more expedient to pay the fines demanded at once than attempt a contest, although this latter course involves a *quasi* admission of guilt.

During the investigation before the Committee, Mr. Jayne, Treasury Agent at the New York Custom House, stated in justification of the moiety system that he had detected and caused to be discharged 400 clerks from the Custom House for receiving bribes and other corrupt offences. He also cited some sharp practices by importers. One of them he explained as follows:—

Four cases of kid gloves were imported, containing in all 1,100 dozen pairs; but the invoice was made in this manner:

No. of Case.	Dosen.	No. of Case.	Dosen.
No. 1	70	No. 3	80
No. 2	70	No. 4	80

Total..... 500

It will be seen that the footing is erroneous, but this escaped the notice of the appraiser. The importer carries the invoice to the appraiser, and as there is no time to examine all the cases, that officer checks off a sample box to be