Clearly, this year's situation is no duplication of 1893." Some consideration of ruling conditions in the early nineties is necessary to any judgment upon this point.

"For some years before 1890," says the New York Journal of Commerce, "there had been a steady gain in prosperity, with the usual accompaniment of expanding credit and overconfident enterprise, and the special feature of large capital absorption in railroad construction and equipment. In that year came the shock of the Baring failure in London and the contraction of foreign credit. Difficulty in raising capital and the maturing of obligations rsulted in a series of railroad defaults and receiverships. At the same time the insidious inflation and dilution of the currency by the Silver Purchase Act and the Treasury notes were slowly undermining confidence, while Treasury assets were shrinking and gold was ebbing away. Prices had advanced and the McKinley tariff of 1890 gave them a new impulse while Government receipts declined. A Treasury surplus of $250,000,000 in the middle of 1890 slowly dwindled, and in the middle of 1893, when the trouble culminated, there was a deficit. The gold reserve was depleted, and when the Silver Act was repealed confidence in the currency had been throughly shaken. A large amount of gold had been hoarded and the strain upon the banks caused some serious failures and the adoption of all available emergency expedients."

On Tuesday, July 26, the panic reached its climax with the failure of the Erie Railroad. Credit was at a standstill despite the fact that $22,000,000 New York Clearing House certificates had been issued. London would accept no American drafts, until three powerful New York banks and one important international banking house joined hands to save the situation. Fresh Clearing House certificates were then issued, loans were made to the bankers and $5,000,000 gold was promptly engaged in London, the beginning of a European gold movement that totalled nearly $45,000,000 within two months. But though the direct monetary panic was of comparatively short duration, the commercial crisis of which it was but a symptom passed away slowly. However, by 1898 general prices were again ascending and prosperity was steadily returning.

THE "TEN-YEAR PANIC" OF 1903.

Those who advance the twenty-year-cycle theory of prosperity and depression hold that about midway between the twenty-year crises there occurs a secondary panic of considerable importance. And they point to 1903 as a case in point. After recovery from the effects of the 1893 crisis, there came great abundance of free capital due to the savings of several cautious years. Then came speculation, timid at first; but later more bold, as in 1901 and 1902; then the sharp reverse, the "ten-year panic" of 1903; followed by a pause for recuperation. Marked industrial growth and speculative activity followed; the latter culminating in 1906, and breaking early in 1907; the former continuing with but slight recession up to the very eve of the recent October banking panic whose causes have already been referred to more or less fully in these columns—but whose effects, present and future, are just now of greater interest.

Prominent Topics

Present Banking Position of the United States.

For the first time during the present movement, the Bank of France last week sent gold direct to New York. The *modus operandi* was the rediscounting of American commercial paper bearing French endorsements—and the charging of a premium in addition. But although the inflow of gold from abroad continued steadily, the New York bank statement of Saturday, November 23, failed to show the hoped for decrease in the deficit, which increased instead by $436,650 to $54,103,600. Still, considering the previous eagerness of interior banks to heap up reserves, the small cash loss and the deficit increase of less than a half million were to be considered hopeful indications of a distinct turn in the tide—especially as $13,000,000 of Saturday gold arrivals were too late to be included in the averaging computation. Loans, too, showed a marked contraction for the first time since the crisis developed.

There was a falling off in the demand for currency at the present week's opening, and the currency premium on Monday ranged from 1 to 1½ p.c. By mid-week it seemed definitely hoped that the banks of New York would resume cash payments within the following fortnight. Some of the leading Wall Street banks were already accommodating their customers with cash payments for fair sized checks. In referring to the probable resumption of cash payments, a high Clearing House authority made the following interesting statement of existing conditions.

"We are fast reaching a cash basis, without any help from the Treasury operations, as only one or two banks of this city have received as yet new circulation resulting from the depositing of the new Treasury 3 p.c. notes.

"There would be no premium on currency to-day were it not for the extraordinary demand from a few out-of-town banks that have not felt as yet the full effects of the gold importations."

There has been a movement on foot to get the banks of Chicago and New York to resume cash payments simultaneously. The opinion was expressed, however in some quarters that such a plan was impossible· the banks of each city had their own conditions to meet and would be forced to do whatever was necessary for their own customers without reference to the banking needs of another community.

The announcement some days ago that Secretary Cortelyou would redeposit in the purchasing banks only 50 p.c. of the money given for Government bonds brought such emphatic representations from bankers that the programme was modified to the extent of letting the New York institutions retain as a government deposit 75 p.c. instead.

The several fresh indictments of Brooklyn bank officials had tragic interest given them by the suicide of ex-President Maxwell, of the Borough Bank. In addition to the court proceedings taken in these specific instances, a commission appointed by Governor Hughes is to look thoroughly into banking and trust company conditions throughout the State. A federal commission, to consider