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BANKING TENDENCIES IN UNITED STATES.

One of the most interesting comparisons in the United States Comptroller's last abstract of national bank returns is that shown for the items "exchanges for clearing house" and "checks and other cash items." These are allied items. Taken together they afford some indication of the extent of the country's check circulation. When this circulation is at its maximum, when every dealer and business man has outstanding more than the usual number and amount of checks, the banks will, of course, at the close of every day, show heavy balances under the above two headings. Conversely, when things are slack, when the drawing and issuing of checks is not going on so actively, the balances will be smaller. Taking the two items at the successive dates shown in the abstract the following is obtained:

	Exchanges for Clearing House.	Checks and cash items.	Total.
4 Sep. 1906.....	\$395,340,487	\$36,449,171	\$431,789,658
12 Nov. 1906.....	376,672,336	37,517,440	414,189,776
26 Jan. 1907.	128,249,619	28,897,118	157,146,737
22 Feb. 1907.....	262,866,736	28,476,553	291,344,289
20 May 1907.....	273,101,069	32,497,412	305,598,481
22 Aug. 1907.....	190,602,163	26,905,246	217,507,409

It is to be expected in the month of January, when trade quiets for the winter, that a diminution should take place in the check circulation. But the fluctuations shown are nearly altogether due to changes in New York city conditions. The New York city totals comprise from 60 to 70 p.c. of the totals for the whole country at all the statement dates. And 'tis well known that the total shown by New York city rises and falls according as the stock market is active or quiet, and according as important financial deals are numerous or few. The fall in the total from \$431,789,658 on 4th September, 1906, to \$217,507,409 on 22nd August, 1907—very nearly 50 p.c.—is, no doubt, due principally to the different market conditions that prevailed on the two dates. Last year the excitement consequent upon the Union and Southern Pacific dividend declarations was running strongly at the beginning of September. The activity of the stock market and the occurrence of numerous financial

deals of one kind and another occasioned the issuance each day of many large checks by brokers and others, and of course the bank clearances were heavy, and each day's balance of exchanges and checks large. Conditions now are very different—as everyone can see.

Again, the difference in the dates of statements, slight though it is, has also had something to do with the change shown. This year the statement is dated nearly two weeks earlier than last, and as the season is backward the increased transactions resulting from harvest operations would figure more extensively last year than this.

The items under discussion are among the high-class quick assets of the banks. A reduction in them of over \$214,000,000 is a happening of some consequence unless off set by increases in other quick assets of an equal quality.

The movement in the important quick assets was as follows:

	4 Sep. 1906	22 Aug. 1907	Change
Due from approved reserve agents.....	\$ 616 147,683	\$ 614,496,352 -	\$ 1,651,331
Checks & cash items	36,449,171	26,905,246 -	9,543,925
Exch for C. House..	395,340,487	190,602,163 -	204,738,324
Bills other Nat. bks.	28,361,469	31,240,127 +	2,878,658
Specie.....	464,437,290	531,107,750 +	66,670,460
Legals.....	161,575,120	170,515,782 +	8,940,662
	\$1,702,311,220	\$1,564,867,420 -	\$137,443,800

The year thus sees a positive reduction in the high-class quick assets of \$137,443,800. The cause, of course, is the expansion in loans from \$4,298,983,316 to \$4,678,583,968—or \$379,600,652. The demand for loans and discounts has been so insistent that the banks, taken as a whole, have been lending out their funds faster than their resources have been increasing. A perusal of the following table of growth of principal resources shows why it was necessary to trench on the quick assets in order to keep up the pace in the matter of loans and discounts:

NATIONAL BANK RESOURCES.

PROVIDED BY STOCKHOLDERS.

	4 Sep. 1906.	22 Aug. 1907.	Increase.
Capital.....	\$835,066,796	\$896,451,314	\$61,384,518
Surplus and profits...	670 814 981	734,857,753	64,042,772
	\$1,505,881,777	\$1,731,309,067	\$125,427,390

PROVIDED BY CREDITORS UNSECURED.

Nat'l bank deposits..	\$830,119,644	\$823,680,087	* \$6,439,557
State bank etc., " ...	381,553,531	395,745,494	14,191,960
Trust Co. & sav bks..	346,514,194	337,927,872	* 8,586,322
Individual deposits...	4,199,938,310	4,319,035,402	119,097,092
	\$5,758,125,692	\$5,876,333,855	\$118,263,173

*Decrease.

There is shown besides this an increase of \$33,984,950 in national bank circulation and one of \$53,206,350 in United States Government deposits. But these last would not so much represent clear gains in resources, or loaning power, for both must be covered by bonds, and no doubt quite a number of banks receiving new government deposits or