

EXTRAVAGANCE AND BANKRUPTCY.

No reader of bankruptcy reports can have failed to notice a good many cases in which the failure, with heavy loss to creditors, has been brought about almost solely by the extravagant living of the bankrupt. Of all the many causes of insolvency, this appears to us to be about the worst. Trading without any proper business knowledge or experience is, no doubt, to be severely condemned; but it possesses none of that personal selfishness, coupled with callous indifference to the welfare of others, that characterizes the extravagant liver. Neglecting to keep books, or keeping them very badly is also most blameable; but the excuse may generally be urged that the debtor had never properly learned business methods, or did not understand book-keeping, and was unaware of the high importance of correct accounts. Speculative trading has brought many a man to the ground, but it is always to be remembered that some men are born speculators and practically cannot keep within the beaten lines of ordinary commerce. And there is no denying that the speculative method has often been crowned with success, a fact to which the unsuccessful adventurer along perilous business paths can point in partial justification of his own ambitious though non-realized hopes. But for the extravagant liver there is absolutely no excuse to be urged. If he is a business man he must know that his proceedings are inevitably leading him to the Bankruptcy Court; if he belongs to the class who are described as of "no occupation," he must equally know, despite his ignorance of figures, that a large annual excess of expenditure over income will in time empty even a long purse.

We have before us reports of a certain number of typical cases that have occurred during the past two years. To the leading features of some of these we desire to draw attention in support of our contention that extravagance of living, leading to bankruptcy, is not now adequately punished. In one instance the debtor, whose accounts showed valid liabilities of over £8,000, with assets nil, enjoyed for a time an appointment with the princely salary of £4,000 a year. In due course he lost this fine income, but in the meantime his father had died, leaving him something like £25,000, which he entirely wasted in less than nine years. With commendable, though somewhat surprising frankness he told the Court that his bankruptcy was solely due to extravagant living, his expenditure during the last two years of his gay life amounting to £11,000. An examination of his accounts showed that of the unsecured liabilities £1,200 represented borrowed money, £1,074 was due to jewelers, and about £4,550 to drapers, hosiers, tailors, milliners, and dressmakers. Needless to say, these unfortunate traders did not get a farthing. The debtor ought to have got something—six months at least. What punishment was it to him to have his discharge suspended even *sine die*? True, such suspension would have the effect of rendering him criminally liable should he contract debts above £20 without informing the creditors that he was an undischarged bankrupt, and that would be a decided hindrance to enjoyment in the case of a person of his tastes and proclivities. But we contend that the prospect of such a punishment is not sufficiently deterrent to keep down the propensity of extravagant livers to incur debts they know they cannot discharge. But with imprisonment and its consequent disgrace looming in the future, even the gayest of spendthrifts would think twice before victimizing drapers, hosiers, tailors, milliners, and dressmakers to the tune of nearly £5,000.

Here is another case of the same kind. The liabilities were over £31,000, and the assets nil; indeed, they were frankly thus admitted by the debtor, who varied between being "of no occupation" and acting as a director of public companies. He ran an American coal company for all it was worth, and a good deal more—endeavoring to foist its bonds and shares on an investing, and as a rule confiding, public. Had this endeavor been successful, the bankrupt would have been in clover; and, like the majority of his class, he all the time lived as though the clover were grown, cut, and stacked. Consequently, in the Official Receiver's report, it was remarked that "the present failure is due to the debtor's household and personal expenses having exceeded his income, to heavy interest on borrowed money (generally 60 per cent.), and to expenses, etc., in placing the above-mentioned debenture bonds and shares. The only asset was the household furniture, which was more than covered by rent due and distrainable." And accordingly, his ordinary creditors were left dividendless and lamenting.

One more typical case. The debtor was the youngest son of a peer. In 1887 he was admitted a member of the Stock Exchange, and worked with a firm of stockbrokers on half commission until January, 1894, his income at that time averaging from £1,000 to £3,000. He then commenced business as a stockbroker, in partnership with two others, and continued until 31st October, 1896, when the partnership was dissolved, and he remained without occupation. The liabilities to unsecured creditors comprised £40,913 in respect of borrowed money, £3,321 for repairs of private house, £750 in respect of bills accepted by the debtor to cover Stock Exchange differences of another person, £168 for surveyor's fees, the remainder, £5,839, being in respect of household and personal expenses, including £658 for jewelry; in all, over £66,000. The assets realized amounted to £5,000. As usual, the debtor attributed his insolvency largely to his expenses having exceeded his income.—Draper's Record.

TAXATION OF BANKS IN THE STATES.

At the meeting last month of the New York State Bankers' Association at Alexandria Bay, an address was delivered by Frank M. Eastman, of Harrisburg, Pa., on the Pennsylvania system of taxation for State purposes, with special reference to the taxation of banks. Mr. Eastman described the taxation laws of Pennsylvania, and criticized the methods of taxing corporations in New York State. He said that among the numerous advantages enjoyed under the Pennsylvania plan a taxpayer there could not swear off taxations on his personal property as he apparently could in New York. Mr. Eastman's recommendations, which were well received, regarding the remedy for alleged existing evils in bank taxation were stated as follows:

"If you contemplate agitating a change, as I understand is the case, I would assuredly recommend to you something like the Pennsylvania plan embracing the following features: Exemption from all local assessment and from all local taxation except upon real estate; State taxation by means of sworn reports made by you to State officers at Albany, said officers to have the right to examine your books and papers whenever they may deem it necessary to verify your reports. The rate of tax should, of course, be fixed, otherwise you would only gain the very doubtful privilege of being taxed on real values while other corporations were taxed on assessed ones. You can either impose the tax as we do on the aggregate of the paid-in capital,

or undivided profits or you can impose it upon the actual value of your stocks as shown by the average price of sales for a year, or some similar method. It seems to me that the latter plan is more just to the State, and perhaps to all parties. Tax trust companies precisely as you tax banks, though I think we are quite right in taxing them at a higher rate than we tax banks, but you will probably do well to limit yourselves to bringing them up to your own basis of taxation."

Judge McPherson, also of Pennsylvania, speaking of Corporate Taxation, followed somewhat upon the lines of Mr. Eastman. He discussed the Pennsylvania tax system minutely, and advocated its adoption in case of a change in New York's method. He declared himself in favor of exempting banks from local taxation, except on real estate. He disagreed with Mr. Eastman regarding taxation of trust companies, maintaining they should be taxed under the proposed statute higher than banks. The franchise of a trust company, Judge McPherson said, was more valuable than any other except those of public and semi-public corporations, such as transportation companies.

At the afternoon session, W. S. Witham, of Atlanta, Ga., addressed the convention upon "Branch Banks." He described the system upon which branch banks were started in Georgia. He stated that these institutions were all independent one of the other, and maintained this was the right method to manage them. He enumerated the advantages of such institutions, as follows: "There is no capital stock to pay tax on, they increase the deposit of the parent bank, they save a considerable amount of expense, they meet the political demands in keeping rural districts supplied with cash that would otherwise be concentrated in cities. It is almost impossible to create a run on these country banks."

HOW A GIRL CAN WORK HER WAY THROUGH COLLEGE.

A glimpse at a students' bulletin-board, with the eager group of girls scanning its advertisements, affords much insight into the supply and demand that make it possible for the young woman scant in purse but fertile in invention to win her degree in spite of adverse circumstances. The girl who has been instructed by her mother in the old-fashioned art of sewing mends clothing for her next-door neighbor, and darns stockings at a "cent a hole." Another girl, who has the knack, and who played milliner at home because she had to, finds her work at a premium, and perhaps even advertises an "opening" of really charming spring or winter hats. Another clever needle-woman, whose skill is always in demand, makes shirt-waists, in true tailor style, and with the proceeds supplies her own wardrobe for an entire year. Sometimes a girl is clever at "making over," and can turn her hand to little jobs for which a dressmaker would charge more than their worth. One girl of my acquaintance made herself a reputation as a "packer," and when vacation came around found it a paying business. Another was famous for her "shampoos." There is newspaper correspondence, if one is literary, and there is always tutoring for those who have distinguished themselves in their classes. The athletic young woman can make a goodly sum by teaching her timid sisters to swim, skate, or ride a wheel. A good dancing-teacher can almost always form classes, and the girl who can play the banjo or guitar is likely to find pupils.—Harper's Bazar.

—A book published in Japan 1,000 years ago notes that at that time good silk was already produced in twenty-five provinces of that country.