sion of specie payment. The greater the issues the greater the depreciation; and if the banks have any means of doing it, they might buy up their own notes through brokers at the current depreciation. This used to be a common experience in the days of wild-cat banking in the United States; but we expect better things from the great Australian banks which are now having their day of tribulation.

THE BEHRING SEA ARBITRATION.

As the hearing of the case before the Behring Sea arbitrators proceeds, the Americans must see that any chance they may have imagined there was that the tribunal would declare an unlimited right of property in wandering seals, has vanished. Sir Charles Russell pointed out that such a claim of right cannot be binding on the nations before they have agreed to it, and cannot legally be enforced before such agreement is made. This is just where the American case must fail. The pretension that the United States is engaged in raising seals on an island in Behring Sea, just as people raise sheep, in Australia, violates all rules of analogy. The seals raise themselves, get their own food, and so far as they get it in the sea, they feed on fish which is the appenage of all mankind and personally belongs to whoever can catch it. The Australian sheep do not wander beyond the ken of the owners and feed at others' expense. No doubt deer can be made private property; but to become so, they must be enclosed within limits which the owner has a right to control. The seals born on an island in Behring Sea are subject to no such limits or control; they go and come at their own wild will, and are entirely beyond the control of the pretended owners. So long as they remain on their native island, or within the territorial waters, the mantle of American protection covers them; but when they cease to be under control, the right of the United States over them lapses.

During the course of the proceedings before the arbitrators, Senator Morgan and Mr. Phelps, for the United States, created a sensation by saying that they could not guarantee that their Government would accord damages, even if the decision went against it. "Then," exclaimed Lord Hannan, "our whole arbitration is useless, and the whole question will be re-opened." The liability for damages, Mr. Phelps said, must be settled by negotiations between the two Governments. But he added that he did not doubt the United States would accord damages, if the tribunal should decide that seizures of British sealers had been made without the right of jurisdiction. Senator Morgan also minimized his inability to give a guarantee on the point, by saying that it was beyond the power of the President of the United States to do so, as a two-thirds vote of the Senate would be necessary. But if the tribunal of arbitration has not the power to fix damages, what is the arbitration all about? Mr. Phelps sought to minimize the powers of the arbitrators to "settling the facts of the seizures." The facts are admitted; the only question relating to the seizures would be as to the distance from the shore at which they were made; and distance is likely to be important as determining jurisdiction. But if the arbitration has not power to settle the damages, it in effect settles nothing; for if damages were to depend upon negotiation, this part of the question would still be at sea. Jurisdiction once settled, the future rights of sealers would become clear.

The vessels seized by the United States, Sir Charles Russell pointed out, were condemned by a municipal court administering American law, not by a prize court taking international law for its guide. This irregularity should alone be fatal to the American case; but it is desirable that the decision should be on the broad principles which must govern the right of all nations to take seals in the ocean, and the decision to be pronounced is sure to embrace this essential point.

If the statements which come from Washington be correct, the Government there sees that the American counsel before the tribunal of arbitration have greatly overdone their part, and that nothing is to be gained by the extreme position they have taken. It seems to be admitted in effect that the seizures were made without warrant, and that compensation to the aggrieved party must follow. The money item will not be a serious matter, even if it should reach $440,000 as alleged. The chief value of the arbitration, besides settling a question which never ought to have been raised, is likely to be that the two nations will come to an agreement for the protection of seal life in Behring Sea. The agreement will have to be a reasonable one, or it will fail to command the respect and observance of other nations, in which event the work would only have been half done, and new difficulties would crop up under other flags which American adventurers would not be slow to use. For this reason both nations are interested in seeing that an arrangement is made which will command the assent of other powers which have common rights in navigation, fishery and sealing, whenever they choose to exercise them.

AUSTRALIAN BANK FAILURES.

Already steps have been taken to wind up one of the Australian banks, the Bank of Australia, which failed April 20th. An order to wind up has been issued by the Court of Queen's Bench, in England, the bank having been conducted under an English charter. Applications to wind up two others, the National Bank of Australia and the Australian Joint Stock Bank of Sydney, have also been made this week. Within a month of the day of failure, the other banks which were in a shaky condition were looking to Mr. John Sawers, Superintendent of the Bank of Australia, to join in a promise of mutual aid which they were making, for the purpose of producing a favorable impression on public opinion. Mr. Sawers was absent from Melbourne at the moment; and the day of his expected return the other banks issued a statement assuring the public that they had "agreed to act unitedly in tendering financial assistance to each other should such be required," with the additional assurance that "the Government of Victoria have resolved to afford their co-operation." The Government of Victoria might before long require help from the banks, instead of being able to give it. On the 1st January next, £2,107,000 five per cent. bonds will fall due; and in the event of its proving impossible to effect the conversion of the whole amount, in England, the Treasurer would find it necessary to fall back on a local loan. So that, in promising to co-operate with the banks, which may mean almost anything, that functionary was probably thinking about the aid he might require on the first day of next year.

The enormous deposits which the Australian banks have been getting in England and Scotland formed a resource which is not likely to be available in future. This contraction of their credit may compel the winding up of several of them. The City of Melbourne Bank advertised in English journals that their rate for deposits was 4 to 4½ per cent.

The Government of New South Wales has intervened with its authority to discriminate in favor of one set of the banks' creditors, the note holders, and against another, by assuming to make the notes a first charge on the assets. It was quite open to the legislature to make such a condition in advance; but to discriminate by an *ex post facto* law is an act which it would be no libel to call by an ugly name. The discrimination is made to wear a worse aspect from the fact that the depositors, who are discriminated against, are largely English, unrepresented in the local legislature, while the note-holders are Australians, by whom the colonial laws are made. The Government of New South Wales has assumed authority to make the bank notes a legal tender: a puerile device for imparting a gold value to notes for which gold cannot be obtained. Doubt has been expressed whether this act is not a contravention of the Imperial statutes which were passed as far back as 1750 and 1773, to prevent the British colonies, on this continent, making a legal tender of paper bills of credit? So important was the inhibition deemed that the Congress of the United States was, from the first, prohibited from issuing like obligations.

The Australian bank failures will be severely felt in England, whence large deposits were derived. There are signs that they are creating some uneasiness there and elsewhere.

There was at the beginning of this year no less than £155,000,000—say 775,000,000 of dollars—deposits in the banks of the Australasian system; and more than a fourth of the whole, namely, £40,000,000 sterling, belonged to British depositors, much of it placed with them during the recent "boom" period at high rates of interest. There are twenty-six banks in Australasia, and half of them have suspended.

Following is a list of Australian banks which have thus far suspended, with such particulars as we can gather about them:—