of merchants, praying for an increase of the number above six.

The CHAIRMAN reiterated his remark that six had, so far, been found sufficient for the work, and that when the circumstances demanded an addition to the number, the matter would be considered. The Government called our attention to the evils of impaving, and we appointed a committee to study the matter. They had sent a communication to the Government containing such suggestions as were thought best calculated to meet the evil. Another matter demanded attention some time ago, but which had now almost come to wear a ludicrous aspect, everybody was complaining last winter of the delay of the mails and passengers on the Grand Trunk Road. The Council had been instructed to make out statistics on the subject, which had been done with much labour and pains. One copy was sent to Mr Hickson and another to Mr Watkin, and the answer received put me in mind of the circumlocution office, and "how not to do it." In the first place, we were informed Mr Hickson was out of town, but that the matter would be submitted to him when he returned. When he did re-appear, he stated that his clerk would have been instructed to attend to it, but as Mr. Watkin had also been appealed to, his answer must be received before doing anything here. Now a letter reached Mr Patterson, the secretary, within the past week, from Mr G M. Grant, dated only 13th June, acknowledging receipt of the letter from the Board of Trade dated so far back as 3rd May, and stating the case would receive his best attention. However, the clerk of the weather had, in the meantime, settled the difficulty. To the Harbour Commissioners we had, several times, sent copies of resolutions, including one recommending the raising of the wharf to two or three feet to escape flooding in spring, and one calling attention to the necessity of erecting sheds, something like those in existence, and removable, to afford in summer storage for sailing vessels' freight the same as had been provided for that of the steamers; and further, a copy of a resolution recommending the erection of scales on the wharf for the weighing of coals. To all we had received the same reply—that our communications would receive consideration. He did not know the result of that consideration, if such had been given. Mr. Field had visited us to recommend an expression of opinion by this Board in favour of changes in maritime law, designed to protect neutral goods, and those not contraband of war from hostile capture, in time of war. A motion had been adopted, which was on their minutes (published already). This matter remained for their action to-day, and was the only one, of consequence, for their consideration.

Hon JOHN YOUNG rose to move a resolution. But first he would say this Board was not at all in fault for desiring to amend the flour inspection act. The previous council prepared a bill and submitted it to Parliament, but the session was too short for it to pass through Committee, and therefore the law remained as it was. It subjected the parties liable for short weight of flour to a fine of 2/s per barrel, and to one of 40c per barrel in case of short tare. To carry out those lines seemed absurd. Then a great many other things required amendment, and ought to receive the attention of the Board at the earliest possible moment. No official party, connected like himself with the discharge of such a duty, ought to be in a position to act in any way contrary to the law. He was thoroughly convinced that an Inspector ought to be in the position of a Judge. He should never be exposed to the imputation of having exacted a fine which might redound to his own benefit. The law now gave the Inspector half the fine. He ought not to have any pecuniary interest therein. The fines imposed for short weight were designed to cover the expense of weighing, but did not meet it. He believed the total weight of the barrel of flour was of more importance than the testifying to the grades. With regard to the motion we had to propose, he thought the subject of changing the maritime law, in reference to privateering, ought to engage the attention of the Board, and that they would only be doing their duty as merchants in coming to a resolution in agreement with the action taken in the Birmingham Chamber of Commerce, and which would, he believed, ultimately bring about a change in that law, by which the folly of subjecting private property in ships, to the operations of belligerents would be done away with, as well as privateering. The resolution expressed his opinion, and, he believed, that of the meeting. It was as follows:—

Moved by the Hon Mr YOUNG, seconded by Mr C J CUSACK.—"Whereas a letter has been received from the Birmingham Chamber of Commerce, dated 9th February, 1867, introducing Alfred Field, Esq., Vice-President of that Chamber, for the purpose of ascertaining what may be the opinion of this Board, on the question of such an alteration of maritime law being carried out as may declare all private property on the ocean, whether of belligerents or neutrals, free of capture, unless contraband of war, after due consideration of the same—it is resolved, that this Board fully sympathizes in the views held on this subject by the Birmingham Chamber of Commerce, and believe that in case of war, this Dominion would be greatly benefitted if such a change in maritime law was made as could enable merchant vessels to proceed on their peaceful business, uninterrupted by privateers or public armed vessels of an enemy, and that the interest of humanity and the world require such a change."

It was next moved by Mr D BUTTERS, seconded by Mr R. MITCHELL.—"That it be an instruction to the Council of this Board to transmit a copy of the resolution first passed, to the Chamber of Commerce of Birmingham, and that a memorial on the same subject be prepared and sent to the three branches of the Legislature on its first meeting."

Mr CLAXTON doubted the propriety of our Legislature being called upon to interfere in the matter.

The CHAIRMAN doubted if it was practicable to ask our Legislature to do anything of the kind. He thought it was obvious now light had dawned in the American mind touching this subject since the commencement of the late war. In our peculiar position he thought it would not be well for the first commercial city of the Dominion to ask the British Government to move from a position they had deliberately taken up, and to cripple herself in time of war by depriving herself of her main source of strength her privateers, etc in order to carry out a theoretical principle of humanity. If the British nation entered into an arrangement with other nations to abolish the present maritime practice in time of war they would doubtless, break faith at the crisis, when she would if not so disposed herself, have to resort to the old action. He thought they should hesitate before sending to the British Government such a resolution. (Applause.)

Hon JOHN YOUNG said that the resolutions were intended as an answer to the letter of the Birmingham Chamber of Commerce expressing our sympathy with it in this matter—it was not an address to the British Government. It was, certainly, right for members of this Board merchants, to express an opinion on this subject for moral effect also.

After some remarks from Messrs Claxton, Young and Simpson in reply the Chairman reiterated his objections to petitioning the Legislature, on the ground among others that it would be vain. He concurred with Mr Claxton that the last part of the second resolution should be dropped.

Mr DARLING spoke in favour of the motion: and after some remarks from Mr Henshaw both motions were put and carried by very large majorities.

The meeting then adjourned.

THE "NATIONAL BANK" SYSTEM OF THE UNITED STATES: ITS PROGRESS AND EFFECTS.

FIRST ARTICLE.

(From the *Economist*, 8th June, 1867.)

WE propose in the present and in one or two succeeding papers to state the origin, principles, and progress of the "National Bank System" of the United States. This system has been in course of establishment and diffusion throughout the Union during the last five years, and it has now arrived at such a degree of influence and maturity as to render it, perhaps, the most powerful of the financial organisations which has arisen out of the Civil War.

Prior to the passing of the first National Bank Act early in 1863 (25th March,) the Banking Institutions of the Union had been regulated in each State by the State Legislature; and this Legislation presented considerable variations between one State and the other. In all the States, however, there were regulations, more or less stringent, regarding the deposit of State and Federal Bonds as a guarantee for the Circulation of Notes as regards the publication of accounts, and the like. In the more commercial States, however, New York, New England and Philadelphia the current of opinion had for some time been adverse to the excessive and minute interference formerly considered to be indispensable. There was a period when the State Comptroller professed to satisfy himself by a personal visit to each bank on certain days that the institution had in its own actual possession the prescribed amount of specie and public securities. But it was soon discovered that by ingenious arrangements the *same* parcel of specie and securities was made to travel through a series of banks,—being of course borrowed for the occasion, and paid for handsomely under the appropriate title of "shin plaster." For some years prior to 1863, the American public had found out that by far the best preservative against vicious banking is not excessive legislation, but a most rigid enforcement of the obligation of specie payment of every engagement according to its precise tenour. There had accordingly, been long established in New England a system of almost daily Note Exchange between all Banks carrying on business within a given circle. This plan was known as the Suffolk Bank Redemption Plan. In New York, a Clearing-house on the London model was set up about 12 years ago. By these arrangements the irregularities of former periods were practically impossible. A bank endeavouring to force out more of its notes than the trade of the neighbourhood required, had them, of course, immediately returned upon itself as cash demands through the Clearing-house; and hence it had come to pass that in most of the States of the Union, bankers and the public had found out in a very practical way that with them, as in England a rigid and constant enforcement of convertibility into specie renders banking systems self-acting, self-adjusting, and self-protecting.

We shall see presently that adherence to these principles for some years had raised the State Banks of the Union into a condition, on the whole, eminently satisfactory for a considerable time before 1863. By the phrase "State Banks," must be understood banks not officially the property or instruments of the several States, but private institutions, formed and regulated under Legislation adopted by the several State Governments, as distinguished from the Federal Legislation of the Congress sitting at Washington.

The schemes which during the last 40 years have been at various times started and put in force for establishing a single bank, or series of banks, specially selected and empowered by Congress for the transaction of the federal financial business have, as is well known, all utterly failed. The history of the two so-called banks of the United States is a history of mistakes and disasters. The American people led on by a strong minded President, Andrew Johnson, have arrived at the conclusion that any powerful banking organisation under the control of the Federal Executive, would be a grave departure from the Constitution, and would be dangerous to public liberty. Under the influence of these opinions, it had long been regarded as settled constitutional law that in each State the regulation of banks should be matter of purely State concern and policy. So far were these principles carried as regards the entire exclusion of the Federal Executive from all interference with banking institutions, that the Washington authorities were required to provide themselves in New York and elsewhere under the title of Sub-Treasuries, with separate offices of deposit for the collection and custody of the public revenue, until disbursed for Government outgoings.

The exigencies of the Civil War compelled the banks generally to suspend specie payments on the 28th Dec., 1861. In the preceding April, an Act was passed by Congress authorising a suspension of the Independent Treasury law—that is to say, permitting the secretary of the Treasury at his discretion, to lodge the revenue collections not in the Sub-treasuries, but in any banks considered to be eligible. It does not appear, however, that much use was made of that permission; and, as a matter of fact, the New York Banks were principally compelled to discontinue specie payments, in consequence of their large subscriptions in coin to the loan of 200 millions of dollars opened in July, 1861.

The war became more extensive and costly in the course of 1862. Mr Chase appears to have fully satisfied himself that, in order to provide efficient financial support for the Washington Government in the constant borrowing operations they must undertake, it had become necessary to override all State legislation affecting Banks—to suppress all the local issues of existing State Banks—to convert the State Banks themselves into banks having not a State, but a *National* character—to require each National Bank to invest a considerable part of its paid-up capital in Federal Securities—and to furnish strong inducements to the establishment of these national banks, in small and remote places, hitherto not reached by, or unable to support, any private institutions of their own.

These views met with vigorous opposition both in and out of Congress; and especially from the Banking interests of the larger States. Mr. Chase, however, prevailed, and on 25th March, 1863, a scheme became law under the title of "An Act to provide a National Currency secured by a pledge of United States Bonds, and to provide for the circulation and redemption thereof." This Act is lengthy (it extends to sixty-five sections) and intricate. But the outline of the scheme it embodies, and the subsequent amendments, are as follows:—

1. An officer is established at Washington, called the Comptroller of the Currency, and under his charge all the machinery of the Act is placed.

2. Any number of persons, not less than five, may constitute themselves into a company with liability limited to twice the value of the shares held for the purpose of forming a National Bank. The shares to be $100 (£20 ...).

3. In cities and places with a population exceeding fifty thousand person, the capital of National Bank to be not less than $200,000 (say £40,000)—in smaller towns, not less than $100,000 (say £20,000). But at the discretion of the Secretary of the Treasury. National Banks may be formed in places having not more than six thousand inhabitants, with a capital of $50,000 (say £10,000). Half the capital to be paid up before commencing business, and the other half by five monthly instalments.

4. Before commencing business, each National Bank to transfer to the Comptroller registered bonds of the United States (Federal) Government to the extent of, at least, 500 $, or, in the case of the smaller Banks, one-third of the paid up capital. In return for such transfer, the Comptroller shall deliver to the Bank circulating notes one dollar and upwards registered and countersigned on behalf of the Federal Government, but with blanks for signatures of certain officers of each National Bank, the amount of the notes so furnished for issue not at any time to exceed 90 per cent of the market value of the Bonds lodged as security.

5. The total amount of National Bank Notes to be created under the Act not to exceed $300,000,000 (say £60,000,000 sterling). In the original Act of March, 1863, these $300,000,000 were apportioned among the several States, half according to representative population, and half according to banking capital, resources and business. But by an amended Act of June, 1864, the distribution was left to the discretion of the Secretary of the Treasury, and in March, 1865, another amendment was adopted under which the State Banks have been encouraged to convert themselves into National Banks, regardless of any precise ratio in the distribution of the National Bank-note circulation.

6. Each National Bank to be primarily liable for the payment of the Notes issued by it under its counter signature, but failing such payment, the United States Treasury will redeem the notes and reimburse itself by sale of the Bonds held by it, and the exercise of a prior lien over the general assets of the defaulting bank.

7. National Bank Notes to be received at par in all revenue collections, except for Custom duties, and to be paid by the Government at par for salaries, wages, and debts but not for interest on public debt, nor in redemption of the "greenback" currency. The effect of this provision is to give the "National Bank Notes" a modified compulsory circulation as between the Federal Government and the public, but not to render them legal tenders as between individuals.

8. In seventeen principal places, viz., New York, Philadelphia, Boston, Albany, St Louis, New Orleans, Louisville, Chicago, Detroit, Milwaukee, Cincinnati, Cleveland, Pittsburg, Baltimore, Leavensworth, San Francisco, and Washington, each National Bank to have constantly on hand, in lawful money of the United States, (i.e., specie or greenbacks), a sum equal to at least 25 per cent. of the aggregate amount of its Circulation and Deposits. National Banks in places other than these seventeen cities, need have only 15 per cent of similar cash reserve, and of this 15 per cent., three-fifths may be balances due to the Bank from its correspondents in these seventeen cities.

9. The Secretary of the Treasury, at his discretion,