

their courage and consider the great yield of the community—such a blessing to the consumer—a misfortune to the trade of Chicago and to the farmer.

One consequence is increased attention to stocks. Chicago has become a very important element in the New York stock market. It is no uncommon thing for prices there to be affected to a marked degree by the operations of Chicago speculators. Several of them carry as high as 10,000 shares each at times, and some houses receive orders for 20,000 to 30,000 shares in a day. The western properties are naturally the ones most dealt in, but none that afford any promise of profit are slighted. There is now a considerable short interest in the coal stocks. Chicago & North-western has been a favorite both for speculators on the bull side and for investment. It has been a rather uncommon thing for speculators here to sell it short in any considerable quantity. Of late, however, there has been some disturbing rumors. It was reported that the road made an unsuccessful attempt to borrow \$4,000,000 of Vanderbilt and that questionable issues of bonds were being made on account of the Blair lines. It is certain, too, that there have been some sales of the securities by insiders recently. Accordingly, speculators have lately sold it short with considerable freedom. The report that the company has applied to Vanderbilt for a loan is denied by the officials of the road, and as for the Blair lines it is stated that, while the \$14,000,000 of stock recently issued was for the purpose of retiring the old bonds of these lines, it was necessary to make some improvements and extensions, against which \$6,000,000 of debenture bonds were issued. An extension of ninety miles is now being built in Nebraska. The recent advance in stocks brought out considerable amounts that had been held as investments.

General trade shows much the same characteristics as in other parts of the country, though the city has been exempt from many evils that have prevailed elsewhere. Business is by no means satisfactory, and the complaint of small profits is universal. There have been spurts of activity from time to time, but they have proved temporary and delusive. The dry goods people report an increase in their trade, but they do not speak enthusiastically, and it is evident that their transactions are not up to their expectations or to the total of last year. And the dry goods interest is a representative of all the rest in that respect. There is no little discouragement among the iron men. Advice from the east are rather depressing. Chicago fears further trouble among the manufacturing operations. The impression is that they will have great difficulty in meeting their notes, and that more failures are to be expected. Even the widespread rascality in banks probably has less influence than this apprehension. The belief has gained a foothold that the depression in the east has reached the point of suffering among the laboring classes.

The recent corner in pork has attracted much attention, but, as related to the course of legitimate trade, it has no significance. A man

having unusually good facilities for conducting such an operation got control of the pork market and forced the shorts to cover at a loss. Many stories of hardship are told, many small men losing all they possessed, it is reported, but it cannot be said that they took the speculative risk without warning from persons who know more about such operations than they do. The successful bull movement in corn was a natural outgrowth of the small supply of the old crop on hand and the impossibility of getting any new corn into market before the middle of November. It has by no means reached the status of a corner, and the manipulators have shown considerable wisdom in letting the price down from time to time in order to keep up a short interest.

Frauds by Bank Officials.

The unfaithfulness of bank officers in the United States is passing into a proverb. There must be something wrong in the condition of things which permits such frauds as have come to light in connection with bank management in that country, since the first of May last. It may be taken for granted that there still remain, in the background a great many similar transactions which have not been revealed. The cause of the ruin of the New Brunswick National Bank, New Jersey, dates back to a period which preceded the Wall Street collapse, in May last, and the fact remained hidden till the other day. Cashier, President and Chief Clerk were all implicated; the two former have become their own executioners. Some audacious frauds were committed, in a way that was not original, but was well calculated to deceive. It was a repetition of the Barber trick over again, by which, on inspection, a dummy security in a package was made to do duty for a real security. To the success of this form of fraud it is necessary that the perpetrator or some trusted accomplice should be allowed to have the "securities" in his hands and call over the titles, if the examination goes as far as to get at the names of the "securities" in detail. As somebody must be trusted, this is a form of fraud, the above condition being present, that is likely to be successful. The case is one in which an examiner may easily be deceived, and deceived he appears to have been.

But usually before frauds are committed, a number of questionable things are done, of which the natural end is breach of trust and theft. The hope of making money by gambling ventures on the Stock Exchange is the root of the evil. For this purpose money may at first be borrowed from the bank, in ways that are recognized as regular. Loans are made by the bank to its own officers to enable them to carry on stock speculations. Securities are put in and a margin put up. Speculation on margin instantly puts at risk the whole amount put up by the speculator. In a single day it may be wiped out; then another margin has to be put up, and if the speculator be lender as well as borrower of the bank's funds, he will make a second venture, then a third and so on, till his indebtedness makes him hopelessly bankrupt. Perhaps at first he had no money of his own;

and even if he had enough for one margin, the bank ran all the risk as soon as that was exhausted. Catastrophes such as that of New Brunswick, N.J., have their origin in margin speculations; the possible end of all such operations is identical with that which happened there. Fraud is the natural, almost the necessary result of such ventures by bank officers. The only safe thing to be done is to nip the danger in the bud; if it be allowed to grow, it is sure to bring grief sooner or later. The stock market is now more than ever controlled by men who have the command of millions upon millions; and the men of borrowed thousands, even though the thousands are multiplied by hundreds, are bound to be beaten by the anti-millionaires. The game, if played long enough, is sure to go against them. The odds are with the long purses and the powerful combinations. But the infatuation of weak men, who are predestined victims, leads them on to suppose that they can play a winning game; they listen to the silliest stories, which perhaps are oft repeated lies, and they fall into traps themselves, at the very time when they are priding themselves on the dexterity of their preparations for catching others. These people have an inordinate idea of their own good luck; they see others ruined every day, by the game they are themselves playing, and yet they fancy that whoever loses they must win.

Banks on this side the water run some risks from which banks in Great Britain are generally free. It is an anomalous practice, for the directors of a bank to borrow heavily, as individuals, from themselves as trustees. The practice when carried to an extreme is full of danger. When a man is at once borrower and lender, he will be likely to offer more assistance as borrower than he will resistance as lender. His greatest interest is on the side of the borrower, since he is borrowing for himself, while as lender he is dealing with other people's money. If the transaction proves profitable, it is he who gets the profit, less the discount; if unprofitable, it is the bank that suffers the loss. No bank director will be a severe judge in his own case; every doubt he will give in his own favor and against the bank. But, is there not the guarantee of a check from his fellow directors? But what if they are, like himself, borrowers as individuals from themselves as trustees? In that case, the supposed safeguard is a rope of sand. It is contrary to reason to suppose that when a bank director finds himself, as a trader or speculator, before himself, as trustee, as an applicant for a loan, he will exercise the same precaution that he would if some indifferent person made the application. The rule in Great Britain, is that a bank director is not supposed to borrow from the bank in the management of which he has a direct voice. Some conspicuous exceptions have come to light, but they only confirm the wisdom of the rule from which they are departures. There would be great difficulty in applying the rule in this country because it is next to impossible to get as directors of banks, men who would carry public confidence in that capacity, and who are not engaged in any business which compels them to be borrowers. The only alternative would be for a director of one bank to keep his