

RETURNS NEW YORK BANKS, DECEMBER, 1902, AND MARCH, 1903.

	27th December, 1902.	21st March, 1903.	Increase or decrease.
Clearing House Banks.			
Capital.....	102,251,990	110,322,700	Inc. 8,070,800
Surplus.....	121,964,800	122,764,400	Inc. 799,600
Loans.....	875,321,500	911,547,400	Inc. 36,225,900
Specie.....	153,744,800	163,592,500	Inc. 9,847,700
Legals.....	69,293,300	64,758,600	Dec. 4,534,800
Deposits.....	*865,953,600	*900,682,400	Inc. 34,728,800

* U. S. deposits included \$40,100,000, and 1903 \$40,228,400.

Non-Member Banks.

	\$	\$	Dec.	
Capital.....	8,812,000	8,474,000	Dec.	662,000
Surplus.....	9,917,300	9,620,600	Dec.	703,300
Loans and invest's..	78,467,800	77,534,200	Dec.	933,600
Specie.....	3,750,500	3,391,500	Dec.	359,000
Legals.....	4,795,800	4,122,300	Dec.	673,500
Deposits.....	83,653,500	82,773,200	Dec.	880,300

So far as the above returns go, they show that banks enlarged their capital and deposit resources to an extent beyond their loans, but this may have occurred while there was a severe pressure for further loans which it was not deemed prudent to grant.

The prospect of extensive loans and disbursements at an early date, both in the States and England, is naturally tightening the market and rendering lower rates for some time to come highly improbable. In Great Britain the Transvaal 3 per cent. Loan guaranteed by the Imperial Government, is impending, the London County Council is also about to borrow, and large funds will soon be required for India. Then the prospective financing of the Irish Land scheme is having some effect. In the States there will be 15 to 20 millions public money required under the Columbian Treaty; the Panama Canal scheme, when mature, will also call for a large loan. These with the development of railway improvements and heavy investments in the plant of new industrial enterprises, all are absorbing, and for a length of time will continue to absorb enormous amounts of capital. The foregoing are "coming events" that are "casting their shadows before." The United States is in a position analogous to that of a manufacturer whose business is expanding at a higher ratio than his working capital, so that his very prosperity is apt to be somewhat embarrassing. But the demand for more capital might be met to a much larger extent were the currency system of the United States adopted to the expanding conditions of the country, more especially in regard to the absorption of such enormous sums by the Treasury that are drawn from the channels of trade by fiscal impositions and drained into the vaults of that institution where they have accumulated enormously in excess of the needs of the Government.

The U.S. currency system has been compared to the old fashioned, old woman's plan of keeping surplus money in a stocking.

The following figures form part of a table in the "New York Bankers' Magazine" which shows the movement in the National Banks since February and November last year:

Items.	Increase.	Since Nov. 25, 1902.		Since Feb. 25, 1902.	
		Decrease.	Increase.	Decrease.	
Loans and Discounts.....	47,749,653	.....	222,270,650	.....
Deposits.....	6,655,795	.....	177,045,291	.....
Gov't dep'ts..	1,016,273	.....	35,538,169	.....
Circulation....	.....	1,279,757	20,787,556	.....
Bills p'ble and re-discounts..	.....	10,446,653	7,717,500	.....

Since November last the Treasury has added 26½ millions to its stock of gold, while the Government has only added 1 million to its deposits in the National Banks. Until a radical change is made in the financial methods in vogue in the United States in the management of the public funds, and in the facilities afforded to the banks to increase their resources, there cannot fail to be such a lack of correspondence between the demand for money and the supply as leads to high rates and spasms in the money market.

CONSOLS.

The decline in price of Consols has been made the subject of comments not distinguished by sagacity or knowledge of these securities. Consols represent the obligations of the Government of the United Kingdom, that is, of the people of the British Isles. The owner of a Consol certificate, which is probably the plainest specimen known of such a document, has the whole British realm as his creditor; he owns a part interest in the National Debt of Great Britain. When then we read of the price of Consols falling one or two points causing alarm, as though these securities were thus shown to be becoming less secure, we can only wonder at persons discussing such a question who have so little fiscal knowledge.

One of the greatest of Generals and shrewdest of Statesmen said—"I cannot conceive of any event that would weaken the security of Consols, except the final break up of this world—in which case, I suppose the value of Consols would not matter to the survivors." It must be remembered that Consols are held as a form of investment, just as are municipal debentures and other documents of a like nature. They are in especial demand for trust funds, and for the investment of the private fortunes and the savings of the very large class in the old land to whom the rate of interest yielded is of small concern compared with the sense of absolute safety. There are transactions in Consols continually going on of a more or less speculative nature, but these have little effect on their price compared with what is produced by speculative operations in more private securities such as the shares of joint stock companies.

When the rate of interest on Consols was reduced in 1888 from 3 to 2¾ per cent., their most familiar