

"his bank in some remote part of the State difficult of access, where he knows no banking facilities are required, and intends that his notes shall go into the hands of persons who will have no means of demanding their redemption." In the same year the Governor of Michigan said:—"At present we are giving charters to the issues of banks about which we actually know nothing, in whose management we have no participation, and are thus literally paying a large tribute for what generally in the end proves to be a great curse." Other evidence is given which we need not cite, all proving the defects of the old State bank system, but we may refer to the heavy loss entailed on the community in domestic exchange. The legal tender of one State was comparatively useless for business remittances to other States. It was estimated that the amount annually drawn on New York and the Eastern States by the Western and Southern States was £800,000,000, and that the average cost of Western and Southern Exchange on New York was from 1 to 1½ per cent., making the loss something like twelve millions sterling.

The new system, notwithstanding its obvious superiority, excited considerable opposition, and was passed by very narrow majorities in both Houses of Congress, and was approved by the President on 25th February, 1863. It is noticed that this new system owed its origin directly to the war, and that in the latter half of the nineteenth century, and in the country of new ideas, the latest of banking systems owes its origin to the financial necessities of a Government embarrassed by a state of war. Mr. Barnett thinks that it should add to our appreciation of the merits of the authors of the plan that, in the midst of a struggle so exhausting, they should have looked beyond the necessities of the moment, and elaborated a system that has been approved by the experience of twenty years, and that has contributed not a little to the political consolidation of the country, as well as to its commercial expansion. Although the Act was passed in 1863, it was only in 1865 that an Act was passed by which a tax of 10 per cent. was imposed on any person or bank using or paying out any notes except National bank notes, or United States notes, the consequence of which was that during 1865 a large number of State banks reorganized under the National Bank Acts. By the close of that year there were 1582 National banks, with a circulation of nearly forty-three millions sterling. The position now held by the National banks is that, although less than one-third of the whole

number of banks, they own more than two-thirds of the banking capital, and hold two-fifths of the total deposits of the country, or, leaving savings banks out of account, the National Bank deposits are nearly three-fourths of the remainder.

Mr. Barnett entered at some length into the duties of the comptroller of the currency, a title to which he takes exception, as the most important functions of that officer, and those most constantly exercised, have reference more to the general business and accounts of the National banks, than to their circulation, while that circulation is not even the greater part of the currency of the United States. The duties of the comptroller are detailed at some length, and reference is made to the periodical examination by bank examiners appointed by the comptroller of the accounts of every bank. These examiners are invested with ample powers to examine into every detail of the affairs, while the comptroller has power to call for special reports from or to order special examination of any association at any time that he may deem it necessary to do so. In concluding his remarks, and after giving a balance sheet on 1st October, 1881, of all the National Banks, Mr. Barnett states that the principle of Government audit does not find much favor in England, and then refers to the fact that the officials of two National banks which had failed in 1881 had contrived to evade the vigilance of the examiners. The great defect in his opinion of Government audit is that it leads people to rely on it instead of using their own judgment as to the conduct of an institution. It is admitted by the *New York Financial and Commercial Chronicle* that it is not often that an Englishman evinces in his writings such intimate knowledge of our banking laws and machinery, and that Mr. Barnett has shown great cleverness and discrimination in detecting the peculiarities of the United States system. Mr. Barnett seems to have criticised the system of certifying checks which prevails in the United States, and which is applied chiefly to the transactions in stocks which are conducted through brokers. It appears that the comptroller of currency has quite recently asked the opinion of the Attorney General as to the legality of the present mode of certifying cheques, apparently with the design of discouraging the practice. The *Financial Chronicle* thinks that Mr. Barnett is not warranted in expressing a fear that the practice "points to a very great amount of distrust existing in the business community." It has nothing to do with ordinary mercantile transactions, or with the commerce of the country. It is for

the convenience of brokers, who buy stocks and give an accepted check on an understanding that during the day the stocks will be delivered and paid for by the purchaser. It is argued that each bank knows its customers, and that long practice has proved the safety of the system. Whatever may be thought of it, the interference of the Government with such transactions would be found intolerable in Great Britain and in Canada. We have not seen Mr. Barnett's entire paper, which, however, the *Bankers' Magazine* promises to publish. It would be very interesting to learn his views as to the paper currency, and whether he thinks that the present mixed currency, consisting of Government notes and bank notes secured by Government bonds, is on the whole one to be approved of. The opinion on this point, of a disinterested experienced London banker would be most valuable.

#### FOREST FIRES.

The *American Journal of Forestry*, the first number of which has been published at Cincinnati, contains an interesting paper on forest fires by Mr. Putnam of Wisconsin, which, it is stated, was written for the Forestry Congress but delayed, owing to the absence of its author on the Pacific Coast. The forest fires in Michigan, Wisconsin and Minnesota are said to be "the results mostly of carelessness on the part of explorers, or timber hunters, haymakers and others having either business or pleasure in the woods, who leave their camp fires burning, where they have cooked a meal or spent the night." July and August are the months in which they generally occur, when the pine leaves and branches from the last winter's cutting are dry and like tinder liable to burn from the dropping of a match or a stroke of lightning. The author of the paper thinks it absolutely necessary that proper laws should be passed and enforced for the punishment of this criminal negligence, and does not believe that it would be hard to detect offenders. Most men, he says, can be traced even in the pinneries, and if fires result from their acts they should be punished by imprisonment or fines. The practice of lumbermen is, when the tree is felled, to cut off the branches which are left scattered on the ground and in the following summer become dry and like powder. A match thrown away, an emptied pipe, in fact anything with a spark of fire, will start the burning. It is suggested that there should be a law requiring the lumbermen to employ an extra man in the woods to pile in open space the green branches and refuse, so that all may be burned at a proper