

A CURRENCY SYSTEM PROPOSITION

One of the best papers read at the congress of bankers and financiers in Chicago was that of Congressman Walker, of Massachusetts, on the need of a sound banking system.

He took the ground that the Americans have escaped more serious disaster than has happened through the composite and expensive currency system only because of the favorable material conditions and vast resources of the country. He would model the U. S. system after that of England, which would save one per cent. on loans and discounts, or \$22,000,000 annual saving on the \$2,200,000,000 loans and discounts in that country. The Bank of England does not keep more than \$125,000,000 gold and has an easy method of checking panics and emitting currency needed temporarily. If it issues more than \$75,000,000 of currency it can do so, provided it has pound for pound of bullion for every additional note. This extreme of caution is perhaps unnecessary; but the system is undoubtedly superior to that of the United States. Mr. Walker naturally does not see the necessity of carrying so much visible gold and silver coin, an amount largely in excess of that carried by England, France and Germany. As to the remedy for the defect in the currency system, Mr. Walker said:

"There is no help for us while the government continues its purchase of silver to increase currency, or while the United States government is responsible for the 'current redemption' in either gold or silver coin of a single million of treasury notes or legal tender notes. We know the people will not justify congress in levying taxes to pay them, therefore, some other practical method of disposing of them, of which the people will approve, must be devised. Neither can the tax on state bank circulation be safely repealed until every government legal tender note is safely disposed of.

"The committee on banking and currency of the last congress reported to the house a bill which will be before the next congress, that fully meets and remedies every defect and difficulty of our financial situation. Repeal the purchase clause of the silver act of July 14, 1890, and pass the banking bill mentioned, and we shall be immediately in a stronger financial situation, as we are in every other, than any country on the face of the earth.

"For security (1) the bill provides that every bank shall keep its cash reserve in coin at least half in gold coin and may keep the other half in silver coin.

"For quantity and elasticity (2) that banks may issue currency notes at any time to an amount equal to their average reserve during any six consecutive months in the previous year, and the controller may reduce the sum to their average reserve during any other six consecutive months of the previous year, thus earning income on the reserve and giving elasticity of \$100,000,000 to \$200,000,000.

3. That banks must proportionately take upon themselves the 'current redemption' of existing legal tender notes by each bank taking a part of them equal to the currency it issues because of its reserves, the government to finally redeem them when the bank goes out of business.

"4. For more perfect examinations and reports by bank examiners.

"5. For an expert board of advisers (directors) associated with the controller.

"6. That banks may be used by the secretary of the treasury to do the work of current redemption of bank notes, etc.

"7. Bonds are eliminated, but every other beneficent feature of the present national banking system is kept and perfected and a tax imposed upon banks of one mill on each dollar of currency it issues. This tax, small as it is, will yield many times more money than the losses to holders of bills could possibly be, as shown by 30 years of experience, this tax to remain in the United States treasury in place of bond security."

This system presents certainly some advantages, especially in its power to prevent gold from going out when the business interests of the country demand that it shall stay in the country. It lifts the government out of the banking business, and leaves it with proper police supervision of the banks. The reserves may be used as necessity demands. When crops are to be moved banks may be allowed by the comptroller to issue notes up to the amount of reserve held in any six months of the previous year, and an elasticity of about \$200,000,000 could be obtained without the device of bond securities. Under this system the government would cease to hold coin and redeem currency, but would exercise very complete police supervision. Provision seems ample for the payment of currency notes in the case of the failure of a bank. The silver coinage business would be settled safely and the currency would be uniform.

The accomplishment of the repeal of the present vicious silver act is not absolutely assured, but if happily it is repealed, the United States must have a uniform and sound currency as good as that of the Bank of England. And it is well for the Americans to consider suggestions for a reconstructed currency system like those of Congressman Walker. It disposes of the vexing silver coinage question, while giving a large use of silver for reserve and small currency purposes. It would result in a uniform and symmetrical currency in place of the present variegated and perilous system.

BACTERIA AND TOBACCO.

It would hardly be imagined that there was much connection between bacteria and tobacco, but the progress in the science of bacteriology, which is now making such rapid strides, has shown that such is the case. Although some bacteria are so deadly, others are found to be of the greatest possible service to mankind. It has been discovered that these minute organisms play an important part in determining the quality of tobacco. The leaves of the tobacco plant before they are worked up into cigars and finally handed over to the public undergo certain fermentative changes. It was formerly supposed that the alteration in their condition thus brought about was due to purely chemical changes, but some experiments recently made are regarded by the Louisville

Courier Journal as going to show that these important results are brought about by special micro-organisms. In a paper read before the German Botanical society, Suchland gives an account of his investigations on the bacteria found in different kinds of tobacco. He has examined fermented tobacco from all parts of the world, and found that they contain plenty of micro-organisms, although but few varieties, as a rule, but two or three different species in any particular brand, and but rarely micrococcus forms. He finds that pure cultures of bacteria obtained from one kind of tobacco and inoculated on to another kind generated in the latter a taste and aroma recalling the taste and aroma of the original tobacco from which the bacteria had been in the first instance obtained. This discovery suggests great possibilities. Thus, it is hinted that in the future it may be possible to raise the quality of German tobacco, not so much by careful culture and judicious selection of varieties, which has so far proved comparatively unsuccessful, as by inoculating with pure cultures of bacteria found in some of the fine foreign tobacco, whereby corresponding fermentative changes may be induced in the German raw material, and the quality improved accordingly. It will be highly interesting to watch the future results of this transplanting of bacteria; if successful they will lead to modifications and improvements in many industries.

SAN FRANCISCO COAL TRADE.

J. W. Harrison reports, July 1st, as follows: "During the week there have been the following arrivals: from the Coast mines, 13,524 tons, from foreign ports 9,859 tons. There is nothing new this week in the regular routine of the trade, no change of values, and no orders for future deliveries. Jobbers report a fair trade consisting principally of deliveries against contracts still existing. The same policy is being adopted as in former years among the wholesale dealers, i. e. if a government or municipal contract is competed for, it is captured at a price leaving the successful bidder a smaller profit than the teamster makes who hauls the fuel. Considering the capital required and the fluctuations of the trade it seems absurd that this policy should be maintained. Freight quotations from England and Australia remain unchanged, but much less foreign coal is being shipped than is usual at this season of the year; still there is no fear of any scarcity, as the Northern mines can readily supply our requirements. There are two cargoes now being discharged, of Newcastle coals one Seaham and one West Wallsend. It is singular that shippers continue sending outside grades here, as the jobbers will not handle them, and consumers will only purchase at a concession."

A process of eliminating smoke from the combustion of coal has been discovered by an ingenious German.

The population of Germany averages 237 to the square mile; in the United States the average is only 18.