

## A BANKING SCHEME.

### A Proposition to Abolish the Present System.

Three Thousand Governmental Banks as a Substitute—To Loan Money to Borrowers at the Rate of Four Per Cent.

Thomas E. Hill, of Hill's Manual, has been for some years engaged in farming at Prospect Park, Ill., and, from a farmer's standpoint, he gives the following suggestions on banking in an interview with a representative of the Chicago Inter Ocean:

Why occasional money stringency? Because through numerous bank and other failures people become frightened and hide their money. Two causes have combined to produce recent failures. One has been the late era of real estate speculation in the vicinity of large cities, inflating values to a point that it had to stop. The other has been the steady diminution of money through the contraction of National bank currency. Ten years ago the National bank circulation was \$302,000,000. One year ago it was \$200,000,000. To-day it is about \$180,000,000.

Why do National banks contract their circulation? The National bank law enacted in 1863 and 1864 made it obligatory upon the bank company to loan one-third of its capital to the Government, upon which it was granted a charter to do business for twenty years and issue bank notes to the extent of 90 per cent. of loan to Government. As Government bonds in the beginning of this system paid 6 per cent. interest in gold, and gold yielded 40 per cent. premium, banking was very profitable. Latterly, as the Government will pay no more than 3 per cent. interest, banks are unwilling to loan it money. They prefer not to issue National bank currency, but would rather take other people's money on deposit, get full interest for all they loan, and be free from the annoyance of Government bank inspection; consequently they are gradually withdrawing the currency they have issued from circulation.

But, it may be said, if the Government could give encouragement why should not the present bank system be continued? Use our National debt is being too rapidly extinguished to allow the present system to be perpetuated. Banks that have proven the most reliable, and have been of the greatest service to the people, have been those intimately connected with the Government; have been founded on Government necessities, when the Government had a large debt and had to borrow. Thus the Bank of Venice, founded in 1171, owed its existence to the imperative necessity that the government borrow money. This bank, under government control, was the admiration of all Europe for 600 years, and only ceased its existence on the overthrow of the republic in 1797 by the revolutionary army of France.

The Bank of England, established in 1694, was organized as a means through which to borrow money from the people. The government had been paying from 20 to 40 per cent. on money, which was difficult to get at that. William Paterson, a London merchant, conceived the idea of organizing a company to furnish \$3,000,000 to the government as a permanent loan, for eleven years, at 8 per cent. interest. Subscriptions to the entire stock were taken in ten days after the books were opened, and from that day to this the loan to the government has been about equal to its capital, the bank company obtaining their profit from their bank notes in circulation and their deposits.

The government as such as to give entire confidence, so much so that the bank is allowed to issue \$75,000,000 in excess of its gold deposits. This bank should be maintained, and will be, as the people's guardian of the public debt of England, which is \$3,490,000,000.

In contrast with the beneficent service rendered the people, through the Bank of England, was the disastrous consequences to the people through the failure of the Bank of Glasgow, which went down in 1878 owing the people \$33,000,000; bank officials, free from government control, having squandered its funds and misrepresented its condition for years before its failure.

The unreliable condition of banks in the United States is well illustrated in the fluctuating values of paper money from 1840 to 1860—banks without Government control. The war came on; the Government found it necessary to borrow, and then was inaugurated our National bank system, which, under Government supervision and inspection, has served its purpose with comparative safety to the people. With the extinguishment of the public debt, however, which is down to \$850,000,000, the present National bank system must be changed.

The defects in our present system are the following:

1. Even perfect as our National bank system is the failures had been so numerous as to cause a loss to depositors in National banks of \$500,000 annually for twenty-seven years prior to 1879, while the loss to depositors in other banks was over \$10,000,000 per year during the same time. The great number of bank failures of late is not only taking the hundreds of thousands from suffering bank depositors and putting the same into few hands, but money stringency compels many millions of annual loss to the people from being obliged to sell property at a sacrifice, while the enormous interest which borrowers are compelled to pay in the money crisis is another loss of many millions to the people.

2. The present system is one of favoritism. The man so fortunate as to do business at a bank can have accommodations, while the farmer, offering security worth twenty times the money required, can not get a dollar from the bank, but is compelled to pay an extra per cent. above interest, in order to borrow.

3. The unequal and very high rates of interest in certain portions of the country, especially in the newly settled regions, is a great burden to the poor

immigrant. In some portions of the West the allowable rate is 18 per cent. per annum; and, with a commission above that to farmers, it is not surprising that all the farms and chattels thereon are so mortgaged that they are rapidly passing into the possession of the few money lenders. The postal system, under Government management, makes it possible to buy a postage stamp as cheap in Idaho as in New York. Government banking should and would afford the same accommodation.

4. The legal rates of interest are too high. Long hours, coupled with labor-saving machinery, have driven workmen out of the mechanical employments in such numbers as to make intense competition in farming and all the various avocations. Not having profit enough to make ends meet, yet hoping to save themselves, men borrow, and, finally, lose all through being eaten up by interest.

The institution that serves our purpose in banking should be thoroughly impartial, and be so completely responsible as to guard the customer against any possible loss. Nothing short of government can fill this position. The only serious question is: Are we sufficiently civilized? Are we wise enough to introduce a Governmental system that will do justice to all and absolutely protect the people? I think we are and propose the following:

That the Government borrow and add to its liabilities \$1,150,000,000. The amount thus borrowed, added to the present Government indebtedness, will make the Government debt \$2,000,000,000 a very light debt compared with other nations; and considering the assets of the Government, consisting of 900,000,000 acres of Government land yet unsold, together with custom-houses, forts and other property worth billions of dollars.

The exact amount of money in circulation November 1, 1890, was \$1,499,004,121, which made, reckoning our population at 63,000,000 people, \$23.50 for each person; ample with which to do the business of the country when confidence is restored and money circulates. Continue this circulation with steady increase, as may be found necessary without inflating or depressing values, in bank notes of various denominations, including a goodly supply of postal currency, so popular and convenient in the days gone by.

Establish 3,000 banks in various parts of the United States. As the Government can borrow every dollar it wants at 3 per cent. and less, it can loan at 4 per cent. As there are estimated to be \$55,300,000,000 worth of property in the United States, the Government can safely loan up to \$5,000,000,000, which may be its limit of loan.

Whatever money is put into circulation will come almost immediately back into the banks again, through the confidence of depositors in the Government bank as a safe place for money; and, costing the Government nothing, can be loaned over and over again, up to the amount of \$5,000,000,000.

A careful appraisal should be made of all property in every part of the United States. The 3,000 banks are so many Government depositories, distributed throughout the Union, for the purpose of furnishing money at 4 per cent. or less, on good security. If branch banks are needed they may be established as required.

Loan money on land at one-fifth of its appraised value and on chattels, properly insured, at one-tenth their value. Pursue so careful a policy that, should interest or principal not be paid, the United States will not be the loser, but the gainer if the property comes into Government possession.

Abolish all private banking, but allow individuals, who may be willing to advance more money than the Government is allowed to loan, to loan from their own funds, or under the head of guarantee companies, to the borrower, at a small stipulated advance over the Government interest.

For the expense of managing the 3,000 banks allow each \$20,000 per year to pay officers, appraisers, inspectors, etc. The expense to the Government of this system of banking will be interest on \$2,000,000,000 at 3 per cent., amounting to \$60,000,000 per annum. The cost of managing 3,000 banks at an average of \$20,000 each, will be \$60,000,000; total cost, \$120,000,000 per year; receipts from interest on \$5,000,000,000 at 4 per cent., \$200,000,000; giving a net gain to the Government by doing its own banking of \$80,000,000. The advantage to the people by Government banking thus, on a strictly conservative basis, will be a large source of revenue; no more panics from bank failures; no more property sold at a third or quarter value because of money panic; no more hoarding of money at home to be burned, lost or stolen; no more new settlers eaten up by exorbitant interest; no more discrimination against farmers, because their securities are in real estate; no more millions lost through speculating bankers or bankrupt banks.

To guard against political dishonesty there should be elected annually a board of five bank commissioners in each Congressional district, who shall have the control of employment of bank officers; these officers to be continued in place so long as they acceptably serve the people. As the privilege will always rest with the people of completely changing the membership of Congress, and the management of banks shall rest with commissioners, annually chosen by the people, the reasons can not be seen wherein the banking system can be corrupted. On the contrary, instead of banking being conducted to the injury of the people, commissioners thus chosen will call to the management of the monied institutions the best banking talent of the country. Men of high moral character who are now successfully conducting banks, will be chosen to these positions of trust, where, given full opportunity for the accomplishment of good, they will conduct banking not alone for the successful few, but in the interest and for the benefit of the entire people.

In School.—Teacher—"How are worms a prophecy of vertebrates?" Pupil—"Because they crawl 'round."

## ODD OCCURRENCES.

**MAINE men do some strange things.** The owners of an unsuccessful "pants factory" are converting it into a maple syrup factory.

**THERE is a woman living at Newton, Kan.,** who is forty-eight years old and she has never had a proposition of marriage. She thinks Newton is the dead-end town in the world.

**The hunting costume for women is of such a clerical stamp that when a lady was thrown lately in Ireland a countryman rushed up with the remark:** "If your reverence will just kape along the bank a bit there is a handy rail you might climb over."

**WHILE Mr. Williams, of Montezuma, Ga.,** was driving under an oak tree at dusk he was amazed to find his horse leave the ground and remain in the air. Investigation proved that the affair was not supernatural, as the animal had got caught in a swing hanging from a bough of the tree.

**A BASKET of apples opened near the Isle of Wight had a very fine apple in the center with this message written on a piece of paper:** "If any young lady who chances to eat this apple is desirous of matrimony she will please correspond with Hartley Marshall of Falkland Ridge, Annapolis County, Nova Scotia."

**THE Lewiston (Me.) Journal has this William Tell story:** "There was a Maine doctor gunning for big game a day or two ago, and he got helplessly hung up over a precipice. His fellow huntsman took aim, cut off the branch of a tree that imprisoned him by shooting it off at 200 yards distance, and the imprisoned doctor was rescued."

**THE girls in the shoe factories at Gardiner, Me.,** have originated a new fad. When one of their number needs a set of false teeth a paper is passed around and each subscriber pays for one tooth. When a sufficient sum is collected the set is ordered, and a party is given at which the "friendship teeth" are presented.

## NAVAL AFFAIRS.

**THERE is a scarcity of lieutenants in the British navy,** and every officer on the list is in active employment.

**WHEN the vessels provided for have been finished the United States navy will have twenty-nine new steel unarmored and armored cruising vessels.**

**SECRETARY TRACY has decided upon the names for five new ships of the navy now building. They will be called Cincinnati, Raleigh, Indiana, Massachusetts and Oregon.**

**THE Stationary Engineer remarks:** The steam plant on some of the war vessels assumes astonishing proportions and is the principal element of their composition. The new British war-ship Victoria has in her equipment eighty-eight steam engines, not counting those in her torpedo boats and launches.

**THE uniforms of the German marines will be altered shortly,** so that the neck and chest, which have heretofore remained bare, will be covered, as is the case in other navies. The object of the change is to prevent illness among the recruits whose lungs are not strong enough to endure the customary exposure.

**A PECULIAR phase of the use of powerful projectors in naval warfare has been brought out.** In misty weather the reflectors and glare of the light from the projectors served only to blind the ship, and the torpedo boats were able to approach within easy distance and discharge their torpedoes without being discovered.

## FOR FEMININE READERS.

**BILLIARD cloth makes the driest case for a banjo.**

**TO OBLIVATE the shiny appearance of silk, sponge with unsweetened gin.**

**If pretty women would remain pretty they must not permit their tempers to become ruffled. A rage leaves creases and wrinkles, and we all know these give an impress of age.**

**A NEW bed-spread is made of coarse linen sheeting, embroidered all over in gold-colored silk in bold, conventional designs, wrought in the long-stem stitch known to our grandmothers.**

**ALL dainty women are fond of scent. Some of them use it very extravagantly. They saturate their dresses with perfume, so that when they are taken out of the wardrobe they are as fragrant as a bank of violets.**

**THE fashion of sewing tiny sachets of fragrant powders in the corsage of dresses is not new, and is certainly a very agreeable one. There also the perfume used must be no stronger than violet or peau d'Espagne, amber or orris-root.**

**An excellent and inexpensive preparation for cleaning soiled gloves and other delicate articles is the following mixture: One quart of deodorized benzine, one drachm of sulphuric ether, one drachm of chloroform, two drachms of alcohol and enough cologne to make it pleasant.**

## ASIATIC ATOMS.

**CHINA now only supplies twenty-five per cent. of the tea drunk in England.**

**A NEW map of China has been ordered by the Emperor and the surveys have already begun.**

**THE Chinese have progressed. This proclamation was recently circulated in Tientsin: "Chinamen, rise and slay the Emperor, who neither gives you bread nor affords you protection from foreign aggression. Slay, also, the foreigners among you."**

**HINDOO widows still continue to attempt suttee, notwithstanding it is prohibited by law under severe penalties. Only a short time since a rich widow was forcibly removed from a funeral pyre after she had been badly burned, in her desire to join her master in the next world.**

**If "cleanliness is next to godliness," the Japanese ought to rank very high in the moral scale, for there is no people so universally given to bathing. The number of bath houses in Tokio is 1,200, and the average daily attendance at each is 700. This is an index of the use of the bath throughout the country.**

## PRATTLE OF THE INNOCENTS.

**MOTHER (mournfully) — "My dear Charlie, what would you do if I happened to die?" Little Charlie (eagerly) — "I'd eat all the sugar."**

**MAMMA — "Flossie, you have been a very naughty little girl, and I must punish you." Flossie (who has been to the dentist's recently) — "Oh, mamma! Won't you please give me gas first?"**

**LITTLE ETHEL (just from the city) — "I don't like this milk." Farmer — "Why, what's the matter with it?" Little Ethel — "It tastes as though it had been near a cow, and I just believe it has."**

**A THOUGHTFUL six-year-old surprised his family recently by giving his idea of the derivation of the word "elevator." "It is called elevator," he announced, "because it goes by a weight, and because it makes people wait."**

**GRANDMA (to little grandson, who is drumming "McGinty" on the piano, Sunday morning) — "My dear, that does not sound like Sunday music." Small Musician — "Oh, yes, grandma. That's about a bad, wicked man, who was drowned for going fishing on Sunday."**

**THE curtain went down on the first act, and the little boy leaned over and whispered excitedly to his mother: "Mamma! 'Well, Jerry' 'That isn't all, is it?' 'No, Jerry.' He waited a few moments and then whispered again, impatiently: 'Mamma, when are they going to roll up that shade again?'"**

**LITTLE FRITZ, hearing his parents speak of Beethoven, asked: "Mamma, who is Beethoven?" "A composer," replied his mother. "And what is a composer?" "A man who makes music." The next morning an organ-grinder struck up a tune in the street. "Mamma," exclaimed Fritz, eagerly, "there is Beethoven."**

## UNCLE SAM'S CHILDREN.

**JAY GOULD carries a thirty-five-cent cane.**

**THE former estate of James Madison at Orange Court-House, Va., is owned by William L. Bradley, of Boston, and Louis F. Detrick, of Baltimore.**

**EX-SENATOR BRUCE'S twelve-year-old son is named Roscoe Conkling Bruce, and is the proud possessor of a silver cup, knife, fork and spoon given to him by the late Senator.**

**THE very finest estate in America will be George Vanderbilt's, in North Carolina, when he has finished improvements which, for the foundation and first floor of his castle alone, have already cost four hundred thousand dollars.**

**A. B. FROST is one of half a dozen American illustrators to whom art has brought handsome fortunes, "lettered ease" and rural comfort. He lives on a good-sized farm near Madison, N. J., dresses as he will and dispenses a generous hospitality.**

**WEBB C. HAYES, the ex-President's son, lives in Cleveland, where he is rated a keen and successful business man. He is treasurer of one corporation and a stockholder in several others. He is a bachelor and occupies handsome apartments in the east end of the city.**

**ONE of the smallest of New York clubs is the Camera Club, with just one hundred members. Its president is David Williams, and among its members are several of the Harpers, Mrs. Andrew Carnegie and Cornelius Van Brunt. The club has recently attracted some attention by an exhibition of process pictures.**

**ESTHER and little Ben Holliday, the children of the famous old overland stage-driver, Ben Holliday, are now the wards of General Rufus B. Ingalls, who intends to place them in some New York school. The estate of their father has dwindled, but there still remains about six hundred thousand dollars to be divided between them.**

## IN THE PUBLISHER'S WORLD.

**NEW YORK boasts of the publication of 2,706 distinct newspapers and periodicals.**

**THE editor of the Century Magazine says he has rejected 8,500 manuscripts during the last two years.**

**SOME German newspapers are venerable with age. The Frankfort Journal is 261 years old, the Madsburg Zeitung is 213 years old, and 98 others are over 100 years old.**

**It being definitely ascertained, says Joe Howard in the New York Press, that the New York World netted \$800,000 in the year 1890, the New York Herald \$900,000, and the Boston Globe \$250,000, what's the matter with journalism?**

**THE success of Mr. Stead's Review of Reviews has encouraged some one else in London to establish a Religious Review of Reviews, Magazines and Newspapers. The title will of itself constitute a heavy load for the promoters of the enterprise to carry.**

**ACCORDING to the latest issue of the "Newspaper Directory" there were no less than 3,431,610,000 copies of magazines, papers and periodicals issued in this country, or a number more than sufficient to afford every man, woman and child in the United States one paper per week for a year.**

## CELEBRATED MUSICIANS.

**RUBENSTEIN says he will play no more in public.**

**JEAN GERARDY, twelve years old, has made a successful debut as a violoncellist at the Crystal Palace, London.**

**WALTER EMERSON, the celebrated cornetist, began playing at a very early age on a five-cent tin horn, and he displayed so much ability as to attract immediate attention.**

**RUBENSTEIN, who is a Jew by birth, is being literally driven out of Russia by the Jew-haters in Russian society, it is reported, and will be likely to spend his remaining years in either Paris or Rome. His wife belongs to the Russian nobility.**

**WHEN Haydn received from the University of Oxford a doctor's degree, which, since 1400, had been conferred on four persons only, he sent in acknowledgment a piece of music, exhibiting a perfect melody and accompaniment, whether read from the top, the bottom or the sides.**

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