

they have, in many cases, proved to be unsafe. Some method must be devised by which sound banks can extend their business, by means of branches, scattered through all the agricultural districts; and the farmers must be taught to receive and pay, by means of checks, instead of either coin or bills. Thus they will gain ten times as much relief as they could possibly gain by the issue of more money. The remedy, therefore, for the present condition of things, even accepting all the statements made by representatives of the farming class as true, will have to be found in an extension of banks and not in any expansion of money.

We may learn a valuable lesson in this, as in many similar matters, by the operations of reckless speculators, and, even, of swindlers. Such men, if they have sufficient ingenuity to keep themselves afloat for any length of time, do so by supplying some urgent want of the community, which men of more dull and cautious minds fail to appreciate. Magnificent swindlers are generally men of very keen perceptions, who see much more clearly than more honest men do, what the mass of their fellow-citizens unconsciously need or desire. The misfortune is that such men, by abusing their superior knowledge, cast discredit upon the admirable ideas which often lie at the foundation of their operations.

Thus, it is now universally recognized by historians that John Law had a clearer perception of the needs of Scotland than any other man of his time, and that his banking system, which ultimately developed into a magnificent swindle, was, in its origin, a profoundly wise and sagacious scheme.

Our own Zimri Dwiggin, although by no means equal to John Law, nevertheless has been sharp enough to see that which most honest men have overlooked. His scheme of affiliated banks, each small, but connected with one large institution supposed to be responsible and carefully managed, is exactly what the people of his vicinity needed. The plan was excellent, but the administration was very bad. The need of some such system remains. Dwiggin's are springing up all over the country, and will continue to do so, because the business of the country imperatively demands the accommodation which they pretend to offer. Every little village needs its own bank of deposit, and will certainly have one within a few years. The only question is whether such banks shall be made safe and sound, and whether the people at large shall receive such positive assurance of this safety as will make the use of such bank universal.

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to formulate any plan for the establishment of these small banks. But there must be many persons connected with banking affairs, in one way or another, who are entirely competent to frame such a system. Instead of abolishing the national banks, we ought to multiply and extend them, only making them real banks of deposit, conducted in good faith and absolutely secure. They ought to multiply to such an extent that almost every payment of five dollars or more, throughout the country, should be made by means of a bank check. When we get to that point, we shall have no further trouble with the demand for more money.

There are vast difficulties in the way of providing a system of deposit banking, which shall be absolutely safe and secure. But the same difficulties formerly existed with regard to bank notes; and they were, at one time, supposed to be insuperable. Yet we have seen a system established, so perfectly safe that a bank note panic has been for many years absolutely unknown. There has been no such thing as a run upon any bank by its bill holders, for very many years. In fact a bank note is never presented by any ordinary holder for redemption.

Why should it be deemed impossible to extend the same security to bank deposits? It is quite true that no system could be devised by which such deposits should all be redeemed in cash, if a panic seized all the depositors at once. But it is equally true that no such scheme has been, or can be, devised with regard to bank notes, so long as their amount is large enough to constitute any material addition to the currency. It is true, also, that there must always be some cases in which deposits will be impaired or entirely lost. But the same thing is true, with regard to bank notes. There is nothing but a government guarantee behind them, which could only be made good very slowly by gradual collection of taxes. Precisely the same thing could be done for the protection of deposits.

It cannot be too often repeated that the whole question of currency and banking is one of confidence, with, of course, honesty and integrity in the system, which will justify that confidence. It is a very common mistake, even among the wisest men who talk and write upon this subject, to maintain that there is a fundamental distinction between money and credit. It is commonly said that ninety per cent of business is done upon credit, and ten per cent in cash. The real truth is that one hundred per cent of all business is done upon credit. Money, even in the form of gold coin, is useful

in the transaction of business, solely and entirely because it is at present the one form of absolutely secure, undoubted and unshakable credit.

Every man who has a gold coin, knows, with perfect certainty, that he can exchange it for anything which he wants in the civilized world, to the face value of that coin, subject only to differences in exchange. But if he goes outside of the civilized world, into regions where gold coin is not appreciated, he finds it as useless as a piece of paper. If he were prevented, by law or force, from exchanging that coin for the things which he actually wants, he would rather have the other things than the coin. To put it in another form, the only value of even gold coin, considered as money, is that it contains, practically in itself, the promise of every civilized man to deliver goods to the face value of that coin. In other words, it is the perfection of credit. It is the ideal promissory note or check.

All that is necessary, therefore, is to develop a banking system which shall approximate as closely to the credit which attaches to gold coin, as does the national bank note of today, and then to teach the whole people to make their payments by checks instead of either coin or bills. When this is accomplished, a single gold eagle, kept in the treasury department, as the standard yard is in Greenwich observatory, might well be imagined as answering all the necessary purposes of coin in the entire country.

All these questions of currency and banking lead round, as usual, to a question of taxation. If we could, in a single day, establish a chain of perfectly sound, solvent, and well-managed banks all over the country, which would supply the need of the farmers and planters, they would instantly proceed to tax them out of existence. It would be difficult enough to make small banks of this kind pay expenses, even free from taxation. But if they are to be instantly loaded with a tax of one and a half to two per cent per annum, it would be impossible for them to live. It is quite probable that this universal mania for taxing the very money which the farmer thinks he wants to increase, lies at the bottom of our entire financial difficulties. This heavy taxation compels banks to extend their loans at high rates of interest, thus taking great risks, whereas they ought to take none. Surely the perfection of human folly is reached when the farmers' alliances and granges clamor, at the same time, for an unlimited issue of money bearing interest at only two per cent per annum, and an annual tax upon that same money, no matter in