MONEY AND BANKS

Since the question of what to do with the greenbacks, and if they are retired, with what to replace them, is being agitated again in congress, and all over the country for that matter some figures and extracts relating to the currency question from the last report of the comptroller of the currency may be of interest.

The administration, a large majority of the bankers of the country, and a good many members of both political parties are strongly in favor of retiring the 346 million of greenbacks at present outstanding and replacing them with national bank circulation.

Under present conditions the national banks are taking out the minimum amount of circulation allowed by law and republican and democratic secretaries of the treasury andcomptrollers of the currency have alike urged upon congress to remove some of the restrictions now placed upon national bank circulation, and thus induce the banks to increase their note issue, by making it a source of profit to them. If the changes in the law recommended by Comptroller Eckels in his last report were made, it is conceded that the national banks at present in operation in this country would increase their circulation nearly 450 million dollars, or nearly enough to take the place of the greenbacks and also the treasury notes which amount to 150 million more. Enough new banks would undoubtedly be organized to greatly increase this amount. Of course, in order to induce the banks to issue this additional circulation there must be a larger profit in the operation for the banks than at present, otherwise there would be no object in their going to the trouble of an increase. But the consideration with the public is not so much the amount of profit made by private corporations as the absolute security of the notes issued to circulate as money. A few figures from the comptroller's report will satisfy any intelligent person of the perfect safety of national bank currency under the proposed conditions. First take the question of profits of the banks, as it is urged by many that the earnings are already so large that there should be no additional profit on circulation. The report shows that the average net earnings of the national banks in 1895 was 5.22 per cent. of their capital and surplus. In New York state the average net earnings for the year on capital and surplus were 4.94 per cent., in Pennsylvania 6.

Illinois 6.70
Minnesota 5.21
Kansas 4.93
Nebraska 3.20
Colorado 3.68
Chicago 5.57
Minneapolis .63
St. Joseph 2.54
Omaha 2.13

and in a few cities and states, including Lincoln, the losses were more than the earnings. This certainly is not an exorbitant showing of profits. At the present prices of bonds the profits to the banks on circulation would be about 1 per cent., although it would figure out a trifle more on the last issue. Of course the profits of circulation on bonds bought a few years ago at higher prices would be still less. This small profit is not enough to pay for the time and trouble envolved.

Since the organization of the national banking system 303 banks, or an average of about 9 a year have gone into receivers hands. Of this number 40 per cent. have failed since 1893. The total liabilities of these banks was in round numbers, $110,000,000, and of this amount nearly $100,000,000 has been collected and paid to depositors, leaving the loss to depositors, on all failed banks during a period of 33 years, of about $10,000,000 or ½ of 1 per cent. on the total of two billion dollars of deposits held by the national banks today. It would amount to only about 1-6 of a mill per annum on the total deposits of the banks during the 33 years. This is a smaller percentage of loss than can be shown by any other business in the country and only goes to show the absolute safety so far as security and redemption are concerned, of the national bank notes, covered as they are by government bonds in addition to the assets of the banks. The capital of the 3,712 national banks is $657,000,000, circulation at present outstanding $213,000,000. Now if they were allowed to take out circulation to an amount equal to their capital stock and up to the par value of the government bonds held to secure it, as they certainly would do if there were a reasonable profit in the operation, the circulation would be increased at once about $450,000,000. This would fill the place of the greenbacks and treasury notes, and the question of keeping up the treasury gold reserve would be settled. The banks would then have to get gold to keep up their reserve as best they could—thus transfering the duty of supplying gold for commercial purposes from the goverernmant to the business men of the country, where it belongs. The above figures do not take into consideration the state and private banks, nearly 6,000 in number with capital of $425,000,000. Many of tnem would undoubtedly change over to the national system, so that instead of there being a contraction made by retiring the legal tenders, the great difficulty would be to limit the issue of national bank notes so as not to inflate the currency beyond its present limit (which is undoubtedly enough for the legitimate demands of business) and yet at the same time make the profits sufficient to induce an increase up to this limit. The success of the democratic party at national financiering is graphically shown by the comptroller in a table on the national debt. In 1869 the interest bearing debt of the United States was $2,166,900,000. It decreased steadily until in 1892, the beginning of the present administration it amounted to only $650,000,000. Since then it has increased to nearly one billion dollars while the greenback or non-interest bearing debt remains the same as in '92. One objection frequently urged to the national bank note issue is that soon the government will pay off its bonds and then there will be no basis of circulation. But give us a democratic administration about once every sixteen years and there will be no lack of bonds upon which to base our paper money.

G.

You'll never realize what "real good bread" is until you have made it of Shogo" flour.

Sale of Collateral Security.

Notice is hereby given that the undersigned will on the 14th day of March, 1896, at 1 o'clock p. m., of said day sell for cash at public sale, to the highest bidder, at the banking room of the undersigned, being situated at the corner of O and Eleventh streets in the city of Lincoln, Lancaster county, Nebraska, one certificate of stock of the Columbia National bank of Lincoln. Nebraska, being more particularly described as follows: Certificate No. 91, for 20 shares of $100 each of the Capital stock of the said Columbia National bank of Lincoln.

American Exchange National bank,
Pledgee.

March 14

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SHERIFF'S SALE.

NOTICE IS HEREBY GIVEN, that by virtue of an order of sale issued by the clerk of the district court of the third judicial district of Nebraska, within and for Lancaster county, in an action wherein The Badger Lumber company et al., are plaintiffs, and Errick V. Erickson et al., defendant. I will, at 2 o'clock p. m., or the 24th day of March A. D. 1896, at the east door of the court house, in the city of Lincoln, Lancaster county, Nebraska, offer for sale at public auction the following described real estate, to-wit:

The northwest quarter of southeast quarter, and the south half of the northwest quarter and the north half of the southwest quarter of section twenty-one (21), in township eleven (11), range six (6), east of the sixth p. m., in Lancaster county, Nebraska.

Given under my hand this 20th day of February A. D. 1896.

John Trompen,
Sheriff.

March 21