most of the money made by the banks now comes from deposits and discounts. This is the feature of profit in banking in England, Scotland, Ireland and the United States. No, the profits of the national banks do not come from the government."

"Does Uncle Sam lose anything by the national banks?"

"No, indeed," replied Mr. Eckels, as he picked up a paper of figures and looked it over. "So far from losing by the national banks, the government has made a great deal out of them. A careful estimate of the amount of profit to the government shows that from the organization of the first national bank up to the end of the report year of 1896 Uncle Sam has netted $157,439,248 98. This amount stands out in startling contrast to the greenback issue, which, instead of having been a source of profit, has been a source of direct loss of hundreds of millions to the people."

"Do the national banks make as much now as they did in the past?"

"No," was the reply. "For some time after their organization the percentage of profit was large. During recent years the profit has steadily fallen; so that, taken throughout the period of twenty seven years, for which the figures are to be obtained, the average dividend on capital and surplus invested in national banks has been only 6 4 per cent. A considerable number of the banks continue to add their dividends to their surplus. Others have been compelled to charge off losses sustained to their surplus, so that many banks during the past few years have either paid small dividends or none at all."

"How about the safety of national banks, Mr. Eckels. Is one's money safe in them?"

"As to the safety of the national banking system," was the reply, "the best test is the statistics. These show that of the 5,055 banks organized since the beginning of the system only 1,323 have passed into the hands of receivers as insolvent and that these on the average, taking the closed and not closed, have paid in the neighborhood of 75 per cent to their depositors. When the banks now being liquidated have been closed this percentage will be even larger. The security of the note holders in national banks is as you know such that no note holder has ever lost anything."

"How are the banks examined?"

"The banks have to send reports of their condition to the controller five times every year, and these reports are published. They are also examined by examiners appointed by the controller. The examiners report to the controller and it is their business to ascertain whether the capital stock of the bank is impaired. If it is impaired the controller has to levy an assessment upon the shareholders to make such impairment good. The duty of the controller is wholly supervisory, however, and it does not in any way relieve the officers and directors of the bank from the duties placed upon them. The controller can suggest methods of safety, but it rests with the officers of the bank and the directors to accept these suggestions or not. He can suggest methods of bookkeeping and the duties which directors should discharge. If the directors and officers do their duty there is little danger that a bank will fail, but unless they give attention to such duties 365 days in every year it is unfair to expect the supervising officers to accomplish the complete safety of such banks in two or three examinations a year. I believe that the supervision of the controller has prevented the failure of many banks, though it may be that there are here and there cases where facts have been overlooked which might have prevented failures. I think that such instances, however, are much less in number than the banks, which have been saved through the supervision of the controller."

"But will not the national banks stop with the payment of our government debt, Mr. Eckels?" I asked.

"Not necessarily so," was the reply. "When the government bonds are paid, some other note-issuing device will be obtained and substituted. Such a plan has obtained in Canada, and is the basis of what is known as the Baltimore plan, as well as that suggested by Secretary Carlisle two years ago to congress."

"What do we owe, anyhow, Mr. Eckels? What is the amount of the government debt?"

"I can give you the figures to June 30th, 1896. At that time our interest-bearing bonded debt was $847,363,890."

"It is enough," said I. "And what interest do we pay up n it?"

"Last year our interest account amounted to more than $35,000,000."

"Was not that a great deal," I asked.

"It does seem large, but when you figure it out you find that the rate of interest paid on the whole averages only 4.2 per cent. This is much lower than the interest rates which prevail in the dealings of private individuals or corporations."

"How about the bond Issues, concerning which Cleveland has been so much criticised?"

"The issuing of bonds by the present administration was necessary from the fact that it was essential to the maintenance of the credit of the government that its demand obligations known as greenbacks and Sherman notes should be redeemed in gold, in accordance with the enacted legislation of Congress, which declared it to be the policy of the government that the various forms of money in circulation should be kept at parity. Some of the money obtained from the bonds was no doubt used for meeting the deficiency made by lack of revenue, but in the first instance the bonds were issued for the purpose stated, and had it not been for the law made for the purpose they could not have been issued at all. I think the administration is entitled to the very greatest credit for having maintained the parity of gold and silver and having prevented a loss of national and individual credit. The amount of interest charged is insignificant compared with the loss that would have come to every individual citizen if the government had permitted itself to go to a silver basis. What the people will pay in taxes to meet this interest charge is a trifle as to what they would have had to pay if any other policy had been pursued. Had these bonds not been issued the government's obligations would have had to be redeemed in silver. The law to maintain the parity of the metals would have been repudiated, and our redit, both national and individual, would have been lost. Every foreign investor would have withdrawn his money from the United States and every lender of foreign capital would have refused to send money here."

"It is said, Mr. Eckels, that we have not enough money in the country to do the business. Is that true?"

"I believe," replied the controller, "that the volume of currency in circulation at the present time is of less importance than the quality of the currency. You will see this when you consider the enormous amount that credit has to do in the carrying on of our business today. The need of actual money has grown less and less. It has been found on careful investigation that the average use of credit instruments in the business transactions of this country and others where banks of discount and deposit prevail is over 90 per cent. The use of checks, drafts and bills of exchange in making transfers of money makes every dollar in use an efficient dollar, so that, instead of supporting a single transaction, it supports many.

"What is needed," continued Mr. Eckels, "is an enlarged opportunity of obtaining credit on the part of those who are entitled to it This would come through the establishment of banks of deposit and discount and the branches of such banks. It is demonstrable that the whole surplus loanable capital of the world is always available to the people of every country where credit is maintained and where investments are offered which promise a fair margin of profit. Modern methods of banking and modern methods of transportation make it immaterial whether the volume of money in the world is greater in London or New York, in Chicago or New Orleans, in Boston or in San Francisco. It is equally available for one place or the other if the capitalist has proper knowledge of the financial character and ability of those who desire to borrow. If you deprive a community of its banks and bankers, you take from it the channel through which it can make known that it has good security to offer to investible capital."

"Just one more question, Mr. Eckels. What do you think is really the cause of the hard times we are having?"

"I believe," replied the controller of the currency, "that the present condition of the United States is due to unwise financial legislation and the agitation of monetary questions, with the continued attempt to substitute here a money standard which is not recognized by any great commercial people with which we have to deal. The threat of substituting the silver for the gold standard has throughout the past few years frightened both home and foreign investors, so that capital is permitted to remain idle, with the effect of closing up factories and mills and putting an end to great undertakings. The uncertainty as to whether the government would be able, because of the Sherman law, to redeem its demand obligations in gold was the one thing which brought to a climax a great many other things which in and of themselves would not necessarily have produced the depression we have had. Undoubtedly there have been contributing causes in the overcapitalization of corporations, the unwise speculation of the past few years, the extravagance in public and private expenditures and the living by many people beyond their means and outside their incomes. These things and the agitation of foreign and domestic questions gave rise to a doubt in the minds of many as to our