

business of a money lender, in the course of such business." As the Manchester Guardian says, that definition is like Bardolph's "accommodated"—"that is, when a man is, as they say, accommodated; or when a man is being—whereby—he may be thought to be accommodated."

In commenting upon the parliamentary committee's acute definition of money lending, the Manchester Guardian delivers itself of an admirable analysis of commercial interest. Speaking of the total or gross interest on a loan, it says:

There is, first, net interest, the sum that in a free and open market, with all parties intelligent, well informed, and able to wait for what they want, a loan of money on the best possible security will fetch. In England to-day the net interest on money is about 2½ per cent. per annum. An investor in consols is as nearly as possible a receiver of net interest pure and simple. The next element in gross interest is insurance against risk of loss. The sum yielded in interest by Russian government bonds is greater than the sum yielded by the same amount of money invested in consols, because Russian credit is a little lower than ours and her creditors must be insured against risk as well as paid the current rate of net interest. The third main element in gross interest is really a kind of wages of management. If the amount of money that we have supposed to be invested first in consols and then in Russian bonds were invested in a pawnbroker's business it would bring in a rate of gross interest never lower than 25 per cent. Scarcely any risk would be run, as security would be held for every loan. But nobody would engage in a business so troublesome, on account of the great number of small transactions, unless he were paid a good deal more than the net interest and a reasonable insurance on the loans made. He would expect liberal wages or earnings of management as well, and that is what the high gross interest charged by pawnbrokers consists in, so far as it is not really excessive, as some part of it no doubt is.

Gen. Shafter's plea that the result of the battle of Santiago is a complete

defense to all criticism, is boyish. It is often the case that the management of battles, as of other things, must be judged by the result. But that is so only when there are no other great facts to judge by. With the battle of Santiago, however, there is another great fact. It is plain to the commonest understanding that Shafter's campaign would have been a humiliating failure, had not Cervera abandoned the city. Why he did so has never been explained; but it is certain that Shafter did not drive him out.

When Prof. Laughlin says that in its essentials banking consists in receiving deposits and making loans, and that the issue of circulating notes is not essential to the business, he is absolutely right. It is the one truth about banking, which, if generally understood, would soon put an end to the possibility of the banking ring's getting the government by the throat. This is not the effect that Prof. Laughlin aims to produce, but it would be the natural effect.

Not only is the issue of circulating notes not essential to banking, but it is not a legitimate function of banking. So long as banks confine their work to receiving deposits and honoring checks (thus doing the communal bookkeeping of their respective localities), and to making loans on commercial paper (thus acting as middleman for the distribution of credits), they serve a most useful purpose. But when to these normal functions they add the sovereign function of manufacturing money, they generate the financial rings of which the country justly complains.

These rings are now engaged in endeavoring to secure from congress the right to supply all the paper currency of the country, the greenbacks to be withdrawn and destroyed. That right, if granted, would enable the banks to expand and contract the money volume almost at will. And in addition it would increase our interest

bearing debt by millions of dollars. The measure by which this object is to be accomplished is known as the McCreary bill. The banking rings have already secured for that bill a favorable position, and with all their might will push it through congress this winter if possible. Whatever may be the specific merits or demerits of the McCreary bill, the fact that it would turn the greenbacks into interest-bearing bonds, and invest the banking rings with the privilege of supplying the people with their currency, ought to damn it. No virtues the bill may possess can offset this vicious principle which it embodies.

To the ranks of papers that foresee the wisdom and recognize the morality of repudiating unconscionable public debts, may now be welcomed one of the most respectable weekly publications of the world—the London Speaker. Discussing the responsibility of Cuba for debts loaded upon her by Spain, the Speaker asserts that the doctrine that a debt incurred by a ruler binds his successors, rests upon a slight foundation; and then it says:

It is monstrous that a tyrant should be able to burden future generations simply because he is in possession of the material government. If investors felt that in international law loans incurred against the will of the people would not attach to the country in the event of a change of government, there would be less of that monetary support of misgovernment which has disgraced the high finances of the nineteenth century.

These are brave words, bravely spoken, and eternally true from first to last.

#### FARMERS' TAXES.

To show how the single tax would affect farmers, we must consider all kinds of farmers, thus:

1. Renting farmers.
2. Mortgaged farmers.
3. Wage-working farmers of both sexes.
4. Farmers who own farms of small value.
5. Good farmers, or those who are really working their farms, and whose