

REPEAL OF THE STATE BANK TAX.

If the United States Government could go into the banking business, the whole question concerning the supply of a flexible currency would be easily settled. Whenever a larger volume was needed to move the crops or to meet any legitimate demand for increased circulation, the Treasurer could issue the government notes at a fair rate of interest, upon good security, to any amount that should be required. As soon as these had served their calling, they would be returned in payment of the obligations of the borrowers, and thus all unnecessary inflation would be avoided. There are many who insist that this is one of the proper functions of a government by the people and for the people, and that our Federal authorities ought to be empowered by a change in the Constitution to exercise this prerogative, and to lend the Treasury notes or certificates to be used as currency whenever these can serve any useful purpose.

There are some plausible arguments in support of this theory, but the valid objections far outweigh all that can be said in its favor. It would soon become a vast engine for political corruption. Not the best security, but the partisan purpose to be accomplished would direct the distribution of the loans; and schemes of political aggrandizement with plans for pecuniary profit, by the control of the issues for speculative ventures, would bring the whole system into disrepute and lead to its suppression. No other form of issue from the hands of the Government will meet the requirement. What is wanted is a volume of circulation that fairly represents the movement of produce and merchandise, coming out when the movement begins and retiring when the market is reached and the property passes into the channels of consumption. No issue of a government currency can meet this want and be regulated by it unless the authorities will discount the business paper that represents the property, and receive back the issues when the need has ceased and the notes and drafts have matured.

The national banks under the present system can furnish some aid by inscribed credits and the use of checks, but this will not do for the interior, where the crops are to be paid for and some form of cur-

rency used as money is actually required. The bank-notes secured by bonds at Washington must be kept in perpetual use to pay the cost of the issue, and the volume cannot be enlarged and contracted to adjust itself to the demands of trade. Nothing ever served the purpose so well as a bank-note put out on the credit of a well-established institution in exchange for business paper which represented some actual value of produce or merchandise for the movement of which the currency was used. The sound banker whose promises to pay were as good as gold had all sorts of imitators, and for this reason many restrictions were placed upon bank issues which greatly lessened their usefulness. To keep irredeemable paper out of the market—the promises of institutions without means or character—a great variety of safeguards were adopted, which would be wholly unnecessary at the present day. It was the want of suitable means of communicating with every part of the country, with the object of demanding immediate redemption of the unworthy notes, which gave any facilities for what was known as “wild-cat” banking.

The project of repealing the present prohibitory tax of 10 per cent on the issue of State banks is a very hopeful movement in favor of a most welcome change in the financial condition of the country. There need be no fear of any toleration of a depreciated bank-note circulation should this restriction be removed. There is not a State in the Union which would authorize or allow it; and if it were attempted anywhere, the facilities for collection are now so great that it would be crushed out at once. The best features of the former statutes would be preserved in new State legislation, and the natural law of supply and demand would govern all the rest of the needed restrictions. The tax which it is proposed to repeal is in itself unconstitutional. It is not levied for revenue, but for prohibition; and the fundamental law nowhere gives to the Federal Congress the right to suppress by its action the issues of the State banks. There would follow from its repeal the most perfect currency for business purposes the world has ever known. Flexible in its character, redeemable at all central points, and thus always at par throughout every portion of the country, and meeting the needs of the hour in its answer to every legitimate demand, it would prevent pressures and stringency in the money market, and injure no one but the greedy speculator who makes his cent per cent in a financial crisis.

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WHAT PSYCHICAL RESEARCH HAS ACCOMPLISHED.

IF to have one's name knocked about in conversation and in newspapers be fame, the "Society for Psychical Research" is famous. Yet it is probable that any real acquaintance with its history, its aims, and its work hardly exists outside the narrow circle of its membership. Believing, as I do, that the Society fulfils a function which, though limited, is decidedly important in the organization of science, I am glad to give a brief account of it to the uninstructed reader.

According to the newspaper and drawing-room myth, soft-headedness and idiotic credulity are the bond of sympathy in the Society, and general wonder-sickness is its dynamic principle. A glance at the membership fails, however, to corroborate this view. The president is Prof. Henry Sidgwick, known by his other deeds as the most incorrigibly and exasperatingly critical and sceptical mind in England. The hard-headed Arthur Balfour is one vice-president, and the hard-headed Prof. J. P. Langley, secretary of the Smithsonian Institution, is another. Such men as Professor Lodge, the eminent English physicist, and Professor Richet, the eminent French physiologist, are amongst the most active contributors to the Society's "Proceedings"; and through the catalogue of membership are sprinkled names honored throughout the world for their scientific capacity. In fact, were I asked to point to a scientific journal where hard-headedness and never-sleeping suspicion of sources of error might be seen in their full bloom, I think I should have to fall back on the "Proceedings" of the "Society for Psychical Research." The common run of papers, say on physiological subjects, which one finds in other professional organs, are apt to show a far lower level of critical consciousness. Indeed, the rigorous canons of evidence applied a few years ago to testimony in the case of certain "mediums" led to the secession from the Society of a number of spiritualists. Messrs. Stanton-Moses and Alfred Russel Wallace, amongst others, thought that no experiences based on mere eyesight could ever have a chance to be admitted as true, if such an impossibly exacting standard of proof were insisted on in every case.