

take in connection with it. The Danish Government wants to know what commercial and political rights its West Indian subjects would have under the American flag. It is also thought to have insisted that they be allowed to vote on the question of American annexation. But must Secretary Hay poll the Senate on each one of all such questions arising in his correspondence before he dares to put pen to paper? Must he consult, not his chief, the President, not his colleagues of the Cabinet, but ninety Senators? We hear of a plébiscite in St. Thomas. But Lodge would have a plébiscite in the Senate before this or any other particular could be passed upon by our Secretary of State. If Mr. Hay were to conduct his department with the proper fear of Lodge before his eyes, he would have to keep foreign ambassadors waiting till he had called the roll of the Senate. This would not be very dignified, and it certainly would bring diplomatic business to a standstill. Diplomacy is at best a leisurely affair; this plan would make it a veritable Dead March. By the time that a Secretary had laboriously sounded the opinions of ninety Senators, a new Senate might come in, and the work would be all to do over again. Treaties could not be framed on such terms. No self-respecting man would consent to make himself, while nominally in charge of our foreign relations, in reality nothing but the errand-boy of the Senate, to deliver its messages to other countries.

What Senator Lodge really proves, in his magazine article, is something which nobody ever questioned—namely, the Constitutional power of the Senate to accept or reject a treaty made by the Executive. In this is implied the power to amend a treaty, if the Senate is willing to run the risk of defeating it thereby. To the assertion of this obvious truth, Senator Lodge comes forward with a great array of learning and eloquence. With triumphant logic he establishes what no man disputes, and wreaks himself upon a platitude with the enthusiasm of a Tupper. He thinks, of course, to slip into his Constitutional argument the inference that the power to ratify means the right to be consulted beforehand as to the thing to be ratified. Of course, an arrogant Senate may assert that right, if it can find a Secretary and a President weak enough to yield; but that it is fairly to be deduced from the grant of power made in the Constitution, is another story. Even if the law were good, the consequences would be so disastrous, and would so make an end of American diplomacy, that the practice ought not to be adopted. Indeed, even Lodge himself sees this, and observes that the Senate has "wisely refrained," as a rule, from exercising its "right" to negotiate treaties.

He is not very happy in the little lec-

ture which he reads Lord Lansdowne upon that Minister's ignorance of the American Constitution. Lansdowne's refusal to accept the Hay-Pauncefote treaty as amended by the Senate, Lodge thinks due to entire "misapprehension" of the Senate's rights in the premises. But if the Senator had taken the trouble to read the British Foreign Secretary's minute on the treaty, he would have discovered that there was no reference to any unwarrantable action by the Senate. It was only because the American Ambassador laid the Senate amendments before the British Government that the latter took notice of them. And Lord Lansdowne pointed out, what was perfectly true, that these changes had been proposed without any previous attempt to see if they would meet British views. He added, moreover, that the American Government had before expressed to Lord Pauncefote not only its complete satisfaction with the treaty as it originally stood, but its "appreciation of the conciliatory disposition shown by her Majesty's Government." Here we get a vivid glimpse of the humiliations which the Lodge idea of treaty-making by the Senate would heap upon the American President and Secretary of State and the nation itself. It would give us the inevitable air of not knowing our own mind two days running. Our negotiators would be without authority. Our treaties would be waste paper before the ink on them was dry. We agree with Lodge that the Senate would indeed be "wise" to refrain from exercising a shadowy right which would lead directly to such lamentable results.

Lodge's precedents are not in point, except as they show that a President may consult the Senate in advance if he chooses. This, also, is one of those undisputed propositions which Senator Lodge argues with splendid power. He cites the example of Washington going into the Senate in person with an Indian treaty. Of course, the Senate was then practically a Privy Council, and the President could meet with it in secret, if he wished. So he can seek to know its mind now, no doubt, before taking any given action. The Washington case, if we remember aright, was the one described in Maclay's 'Journal,' when the first President rebuked the Senate for defeating his plan. It was then, as Maclay wrote, that "if the Father of his Country could ever be thought to look angry, he looked angrily at me." If that glance of wrath were to be seen in the Senate of to-day, we suspect that it would be directed towards the seat of the junior Senator from Massachusetts, on hearing his contention that the Senate possesses the power to negotiate treaties, and may exert it whenever it sees fit.

FEDERAL CLEARING-HOUSES.

A bill was introduced in the House on

the 7th inst. by Mr. Pugsley of New York, to provide for a more elastic currency than the National Bank Act supplies. This has long been a desideratum, to the securing of which many minds have been working. Everybody who understands our present system knows that our banknote currency does not adjust itself to the demand for it. The demand for money in the commercial centres, where business is transacted mostly by bank checks, is met promptly and easily by the discount of commercial paper, taking the form of deposits. The proceeds of the discount are credited by the banker in the customer's pass-book as a deposit, and the customer draws his checks against the same, exactly as though he had deposited there an equal amount of gold. When we speak of an elastic currency, we mean a system by which banknotes may be issued as promptly and readily as bank checks, so that when the customer's paper is discounted, he can draw the money in banknotes, if he chooses to do so. It may be asked, What prevents him from doing so now? In a single case he could do so, but if a large number of cases should come upon the bank simultaneously, its cash reserve would soon be exhausted, and it would be compelled to stop discounting.

If it could issue its credit in the form of its own notes, it could safely discount as much paper in that form as in the form of deposits. The reason why the bank cannot respond to the demand for notes as readily as to the demand for checks is, that the law requires the security of United States bonds before notes can be issued. This fact not only makes the currency inelastic, but makes it dependent upon the bond market. Any demand for bonds for other purposes than those of banknote issues contracts the circulation, even in the face of a demand for more circulation. The latter process is going on now. The Government itself is a buyer of its own bonds. It bids up the price. It offers a temptation to the banks to retire their circulation and sell their bonds, in order to pocket the premium. The law allows not more than \$3,000,000 of banknotes to be retired each month. This is the rate at which the withdrawal is now going on. But for this limitation the retirement would be more rapid.

The bill introduced by Mr. Pugsley embodies the ideas presented by Mr. Theodore Gilman in his book on 'Federal Clearing-Houses.' It goes upon the theory that, if the clearing-houses of the country would unite in guaranteeing the goodness and prompt redemption of banknotes, taking the assets of the issuing banks as security and uniting their capital and credit to this end, such notes would be absolutely safe, and the security of Government bonds might be dispensed with.

The bill has two ends in view. One is

to provide a safe and elastic note issue. If the object of the bill could be carried out and the banks of the country be grouped into national clearing-house associations of sufficient size, there is no doubt that notes issued upon the combined responsibility of these associations would be perfectly secure. The second object is to relieve the business interests from the embarrassment and actual damage done by the constant absorption of money by the Treasury and by its withdrawal from the channels of circulation as customs and internal revenue are collected—this to be done upon a security satisfactory to the Secretary of the Treasury. The provisions of the act are vague, cumbersome, and unwieldy. It would be simpler to let the Secretary deposit with the individual banks in his discretion, upon security furnished by them to his satisfaction, and to pay interest upon such deposits. It would be safe to deposit with the associated banks of any clearing-house district without security, but it would be exceedingly difficult to determine the method of doing this, and no one bank would be disposed to become security for the others. The same criticism applies to circulating notes. The strong banks would refuse to be responsible for the note issues of the weaker ones. Section 13 of the bill proposes to tax all clearing-houses that do not come into the system one-one-hundredth of 1 per cent. on all of their exchanges. This forcing process, we fancy, will get very little support in Congress, yet without the application of force it is not likely that the banks will adopt the proposed plan.

The great virtue and efficacy which clearing-house associations possess is that they are not incorporated bodies. They are under no supervision or constraint, and in times of crisis they can do what is deemed to be wise and necessary to meet the situation, unhampered and unrestrained. Under a law like the Pugsley bill these associations would be relegated to the status of regular corporations, governed by law, interpreted and administered primarily at the Comptroller's office. We might very likely have an incumbent in that office who would not be able so to grasp the situation in a time of crisis as to meet the emergency. Besides, if clearing-house associations were incorporated, they would be subject to injunction and mandamus, and the speculative interests in the Street might interpose judicial processes to prevent or enforce action or otherwise embarrass such an association for no other purpose than a speculative one. Such speculation would naturally be on the bear side.

The crux of the matter lies in the question, Will those clearing-houses which have the financial strength to command the confidence of the country consent to assume the duties and responsibilities assigned to them? Until some

evidence is presented that they would do so, it is needless to consider the details of the measure.

BOOK COLLECTORS AND OTHERS.

For some weeks past the dispatches have been full of sensational purchases of works of art—a half million paid for such a Raphael, and a cool million offered for a Titian. To-day we are bid believe that the entire Borghese collection is to become the property of one of our countrymen, and the rather dubious rumor is at least taken seriously enough in England to arouse against the sale vigorous protest “in behalf of the civilized world”—excluding, naturally, the Americas. The collectors who buy Raphaels and Titians and galleries *en bloc* might be called the “strong-arm” men of the fraternity. They have in their unlimited wealth an unflinching argument, and they may easily dispense with the guile which is the most salient characteristic of the true collector. It is this fact which, while their conquests are viewed with a kind of fearful admiration, puts them generally out of the pale.

The collector's instinct is like genius, in that it is based upon an infinite capacity for taking pains. It is this which has brought much ridicule upon the craft. And, in fact, money values do come to depend upon the infinitely little. At a book sale the other day a first edition, 1846, of Hawthorne's ‘Mosses from an Old Manse’ was sold. The book generally is of no great rarity, fetching ten dollars, or thereabouts. But the copy in question was “in the original paper covers as issued,” and the fact that no one had taken the pains to bind the two volumes properly was responsible for a price of \$170. In the same sale a first edition of Emerson was commended because its paper label was in perfect condition; a crack, a finger-mark, a dog-ear, or a torn corner would notably have lessened the value of the copy. It might be said that these discriminations are often based on reason. One would rather have a clean copy of a book than a soiled, a fair white margin than a page cropped to the headlines. A margin, too, is a pleasing thing around a print, and early states of a famous etching are often preferable, on artistic grounds, to impressions from the finished plate. But these considerations do not explain sufficiently the startling caprices of collecting values—as the fact that Thackeray first editions, neatly bound, may be had for a song, while the same volume in its original serial parts, with the advertising pages and the ugly yellow-paper covers, may be worth a missionary's ransom; that we pay in banknotes for every centimetre of extra height of a rare Elzevir, and must cover every sixteenth of an inch of margin about a Rembrandt print with gold.

What is really paid for in every instance is simple rarity. The unique copy or impression is the ideal for the enlightened collector; and the anecdote which relates how a famous bibliophile pleaded with an associate for a certain book, raised his offer to an irresistible price, and then threw the book into the fire with the taunt, “Now my copy is unique,” expresses the spirit in which many collections are made. A kind of madness Dibdin called it, and yet a madness which is fully justified of its children; for the supply of collectors is unflinching, that of desirable objects ever less. This makes a collection which has been shrewdly assembled with due regard to condition and speculative value one, of the very best investments. And it must be said that very little collecting is free from this taint of commercialism. The books in a great private library are usually too valuable to be used, even if the collector, which rarely happens, is a reader also. His prints are of a kind too precious to be framed, his china too good for household use. What is he but, on the one hand, a dealer for probable or possible resale, or, on the other, an irrational idealist, in the pursuit not of the beautiful, but simply of the rare?

But the anti-social nature of collectors—their neglect of wife and family for the rare example, their disingenuous wiles for catching the unwary dealer or the ignorant owner—have been fully exposed by members of the craft; and since collectors glory in these things, the severe moralist finds their case beyond the power of rebuke to reach or of warning to stay. It should be said, however, that there is a kind of collector who is free from this reproach. Dealers do not favor him, or even admit that he is a collector at all, though they depend largely upon his enthusiasm for their support. He is unknown to the famous salesrooms, but a familiar figure at the book-stalls and smaller shops. This collector buys the books which he loves in the form in which he loves to read them. He buys cheap, and often wastes his money, but he satisfies his soul. His attitude towards books is a sentimental one. He is not wise about margins, and labels, or even about editions; but he loves the smell of old Russia; he knows, with Charles Lamb, that Beaumont and Fletcher never taste so good as when taken in folio; or he may have an invincible prejudice against reading Chaucer except in black-letter. He values books for their human associations, for all the homely signs of use, the scribbled “*valde absurdum est*” on a margin, or the signature of a former owner which defaces a title-page.

Only this kind of collector, after all, knows the real luxury of possession. His books, when he is beyond using them, may cut but a sorry figure in the