

we secure imports of gold enough, so that banks can, without restricting their credit, spare enough from their reserves to meet the increased demands for circulation, it only follows naturally that when the increased need for circulation passes, the circulation returns to the banks, forms a reserve basis for the granting of additional credit; and the banks again find themselves when the next season's currency demand appears in a position where they must once more call loans in order to furnish the circulation needed. If banks could supply this need for additional circulation by issues of bank notes that would be perfectly safe in the hands of every holder, then the seasonal demand for increased circulation could be readily met. On the other hand, when that demand passes, such notes, if properly issued so as not to be counted as reserve, would never come back to the bank vaults to form a reserve basis for the granting of more credit, but would disappear through redemption the moment they had performed their work as a hand to hand medium of circulation.

A recognition of this principle, I believe, is fundamentally necessary in answering the question as to whether or not we have money enough. If the foregoing statement of the principle is correct, we never shall have money enough, so long as bank reserves must be invaded whenever the temporary need for increased circulation comes. With proper legislation permitting the safe issue of bank notes, thus legalizing circulation which would automatically retire when not in daily use, we should probably discover that we are already maintaining an unnecessarily costly supply of money.

The ultimate burden of supplying the fluctuating demand for currency falls in large measure upon the banks at New York city. If gold is exported, it is shipped from New York. If Government receipts exceed expenditures, New York banks lose money to the Government; the customs payments are largely received through the Port of New York and come out of the New York city banks. The demand for additional hand to hand circulation which comes with the crop moving period passes on from the

country bank to the institution in the larger town, then to the reserve city, and the final pressure is felt on the bank reserves of the metropolis.

A new feature has come into the banking situation which promises to make this pressure greater upon the New York banks than it has ever been before. Until within the last two or three years the funds of country banks came to New York in the form of deposits, upon which, as a rule, two per cent. interest was paid by the New York banks. With the interest rate on deposits so low country banks carried with their New York correspondents only what they needed in the conduct of their business, or if more than that it was a surplus practically unloanable at home. In the last two or three years, however, a new method has been introduced into banking. The call loan market in New York has at times exhibited such extraordinary rates that it attracted the attention of the larger banks in other cities. That interest in the call loan market has spread until at the present time a very large number of banks outside of New York are loaning their funds in times of high interest rates, in the New York call loan market. The amount of money so

employed has grown with great rapidity. During the recent high rates it probably reached three hundred million dollars. That gives to banks outside of New York a largely increased power to call upon New York banks for currency, and makes the responsibilities resting upon the New York institutions materially greater.

In my opinion bankers will see with increasing clearness the desirability of being able to supply currency in periods where increased circulation is needed, without being forced to ship the reserve money which forms the foundation of the credit structure. With country banks placed in a position where they can demand currency shipments, not only against their normal deposits in the banks, but against this abnormal accumulation of their funds in the call loan market, the responsibilities of New York banks are largely added to without any addition being made to their means of meeting the responsibilities.

The foregoing considerations, it seems to me, make it quite clear that any difficulties that we have to face, either in the direction of high interest rates or a restriction upon the granting of credits, are not likely to be the result of too small a supply of money, but rather the consequence of an uneconomic use of the huge supply of money which has been accumulating in this country. Compared with the supply of money which is the basis of the great business and credit operations of Great Britain, we show as great extravagance in the use of our reserve funds as we do in our expenditures.

There is no other sort of education that would be so valuable to this country, as education which will result in clear conceptions in regard to the use and functions of money and credit. Undoubtedly we are making progress toward a clearer national understanding of these subjects, but we have much to learn and much to change in business practice and legislation as a result. These changes when they come will be of as great importance to the general welfare as any that we are likely to undertake.



THE RACE FOR THE WORLD'S LANGUAGE

By W. B. HEARN

THE Frenchman, Italian, or Spaniard will state a fact with a dozen varying shades of meaning, where a German will perhaps find five, and an American with difficulty three. In other words, the English speaking person conveys his meaning in far fewer words than any other. Thus his racial and linguistic development has proceeded on the same lines, and his faculty of "getting there" has won for him the Battle of the Tongues, as well as the Empire of Commerce and Command of the Sea.

The fascinating Battle of the Tongues began away back toward the end of the fifteenth century, when Europe awoke from the long sleep of the Dark Ages, which had supervened on the fall of Rome and Byzantium. It was when Columbus discovered America, and five years later Vasco da Gama doubled the Cape of Good Hope, that the world crudely took on the shape it wears to-day on our maps. And in the first five centuries after the Norman Conquest we find England's population checked by war and pestilence, famine and infant mortality, on a scale inconceivable to us to-day. In the first half of the nineteenth century the population of the United Kingdom doubled, or with a ratio of increase ten times as great as that in the five centuries mentioned.

English's Tremendous Advance

WHEN Columbus was on the sea, there were less than four millions of people speaking English; at the end of the sixteenth century there were only two millions more; and only twenty-one millions in the days when old Dr. Johnson walked down Fleet-st. To-day there are at least one hundred and twenty million English speaking people. Germany comes a bad second with seventy-five million two hundred thousand; Russia about the same; and France fifty-one million two hundred thousand; Spanish is spoken by forty-two million eight hundred thousand; Italian by thirty-three million four hundred thousand; Portuguese by thirteen millions. In other words, whereas Italian, Spanish, and Portuguese have maintained their position in the "also ran" section, a mighty struggle has taken place among the leaders in the race. English has leaped into the lead, hopelessly distancing all other competitors. Germany and Russia are yet fighting hard for second place, with odds in favor of the latter.

French has dropped from first place, which it held in 1801, when it was spoken by thirty-one and a half millions, to a mere fourth in the language competition; but the causes are not far to seek. In the first place, there is the marvelous growth of Britain's colonial possessions in Australia, Canada, and India; and above all English is the language of the American people, whose development in the fateful century under consideration will be always looked upon as one of the greatest marvels in the world's history.

And yet French had a long start. Indeed, at one time it seemed to have a good chance of becoming the world language. It was the speech of society, of diplomacy, of courts, and of commerce. In the eighteenth century a drummer might travel with his wares from the banks of the Neva to the Thames,

from the waterways of Stockholm to the narrow lanes of sunny Naples, with this one language only in his mouth. And if he had attempted a few English phrases, he would be stared at open eyed as an unintelligible barbarian. For four hundred years suave and mellifluous French led easily, and the end of the eighteenth century saw it ten or twelve millions ahead.

If you wish to see why the English language has raced past it with bewildering speed, just put a century old map of the world beside one of to-day and the reason will be instantly obvious. At the end of the fifteenth century there were probably ten million people speaking German, while not less than three millions spoke Russian. The Asiatic territories of the Czar were as little known then as they were to the ancients, when the illimitable Steppes were peopled with mythologic Scythians and fabulous monsters. The end of the eighteenth century saw thirty millions speaking German, and thirty-one millions Russian. This last is, of course, by far the most phenomenal increase of all, for in four centuries the Russian speaking peoples multiplied themselves elevenfold.

Meanwhile in the same period Spanish had increased from eight and a half millions to twenty-five millions, while Italian had crept slowly from nine and a half to fifteen. Thus the eve of the nineteenth century saw the six great languages of the world marshaled in this order: French and Russian were in front in equal force; German just behind; and then in order came Spanish, English, and Italian. One may say that the bayonets of Wellington and the broadsides of Nelson gave the signal for the language race to begin; and to-day we see the very startling changes of position herein set forth. Rightly interpreted, they epitomize the history of civilization for five hundred years.

Russian to Be in Second Place

LOOKING to the future, it seems as though Russia would gain second place. Indeed, if we include many of her Asiatic tribesmen in the far khanates of Khiva and Bokhara, together with semisavage races in Eastern Asia, she shall muster perhaps a hundred millions speaking her tongue to-day. But as an offset we should include millions who speak English of a sort in the vast dependencies of the British in every sea.

Germany's millions have grown up and overflowed her borders—not into German, but English speaking countries; and probably fifty thousand new recruits to English speech leave Teutonic shores every year. The same is true of France, but in a greater degree. For a whole century the annual increase in French population has been the lowest among all civilized peoples, while during the same period England doubled herself in fifty years. Spanish has more promise in the New World than in the Old; but neither the Spaniard at home nor the Spanish-American of the southern continent retains

anything of the ancient spirit which three centuries ago gave Spain the dominion of stupendous territories, since lost. As to Italian, the language is so hopelessly outdistanced that one need not consider it at all in the race.

It will be seen therefore that all the tongues that have lost ground are some form of Latin, which as the ages rolled on became sweeter, more pliable, and more complex. And if you compare the peoples themselves with those who were once lords of the world, you will find they have done the same.

On the other hand, you will find the development of English has been the exact reverse of this. It has constantly grown simpler, stronger, and more direct. There is practically no such thing as English "grammar," save what the schoolmen have made for their own ends and the troubling of youthful victims. All through the centuries linguistic excrescences have been lopped off our language, while other tongues remain jungles of gorgeous but woefully entangled foliage. True, our orthography is at once the marvel, laughing stock, and despair of other nations; but that matters little. You do not spell words, but speak sentences; and with English you do not have to worry about moods and tenses, genders and numbers.

Forecast of the Next Century

THE possibilities of war, and the tremendous changes it would bring about in the conditions of the Battle of the Tongues, make any definite forecasts of the future merely of academic interest. And yet, looking back upon the past, one may hazard some estimates, based on proportion. When the first sun of the twenty-first century rises, it will probably see ranged under the Stars and Stripes and the Union Jack the most colossal multitude of civilized people that ever spoke a single tongue. The host will number perhaps six hundred and fifty millions; and far behind you will see a host of two hundred and thirty-five millions gathered beneath the outspread wings of Russia's double headed eagle. His German brother will be flying over two hundred and fifteen millions; and "ever hindmost in the rout" will be three relatively insignificant hosts, left hopelessly behind in the race. Over the largest of these, numbering perhaps ninety millions, will float the tricolor of France; over the next, numbering seventy-nine millions, will float the banner of Italy; and the smallest of all, numbering seventy-five millions, will be mustered under the golden banner of Spain—once the proudest in all Europe, and once supreme in the New World, which has witnessed the mightiest triumph and the most magnificent development of Anglo-Saxon genius.

But between the present and such a vision as this there lie many possibilities of terrific wars, wide spread pestilence and famine, the shock of stupendous armaments by sea and land, and the falling of ancient thrones. Still we of the English speech may look forward to all these with the confidence born of a thousand years of history; and humanly speaking it is certain that not only to-day but in the far future our language will be first in the race, and always victorious in the Battle of the Tongues.