THE FINANCIAL SITUATION.

In many ways New York is a provincial city. Perhaps a better way of putting it is that New Yorkers, in the judgments that they pass nowadays upon the things of the land exterior to them, are apt to fall into the same provincialism that they affect to condemn. Our city is so great and prosperous that we who live in it are led to underrate the greatness and prosperity of the rest of the country. The life of the average business man here is compressed into a certain routine of employment and activity which, unless care is taken, tends to become narrower than it ought and to inspire false views of national character and power. Without disparaging our own city—destined to continue for uncounted years the metropolis of the nation—it must still be confessed that our supremacy is by no means so isolated as it was once and that the comforts and luxuries of existence, the keen sensation of living at the top, can be enjoyed to-day in many other places as well as on Manhattan Island. Indeed, the question is quite open to discussion whether this crowded town presents as great attractions to a resident as it did twenty-five years ago, and whether it is not even surpassed in these respects by other cities. But it is in its business aspect simply that the reflection is here noted. Do New Yorkers thoroughly understand the tremendous development, the cosmopolitan character, and the extraordinary range of the active and potential resources of the land? The imagination can draw a ready picture, perhaps, of the Western grain fields, but how many of us have any real conception of the iron and steel industry centred at Pittsburg, or of the iron and copper mining works on the shores of Lake Superior? Who, unless he has journeyed through the Great Lakes, can form any idea of the vast amount of shipping that traverses them, of the miles and miles of vessels waiting in line to pass through the locks of Sault Ste. Marie? And is it always understood that there are scores of cities in the United States in which there are as great and daring business men, ready to undertake any task, constantly engaged in the largest enterprises, as any of our own merchants and bankers? It is in lack of definite appreciation of these matters that failure often attends our local estimate of what the country is doing and is capable of doing further. Proper realization of it is essential to a broad and correct judgment of the financial situation whenever this is taken.

There can hardly be any difference of opinion among those competent to form one, concerning some general features of the financial situation as it at present exists in relation to Wall Street affairs. These conclusions are, first, that the present supply of money, no matter how injudiciously it may have been swollen or what penalty may be exacted in a later day for the inflation, is large; secondly, that stimulated by this cause or by other necessities that it is needless to mention, the market has been taken in hand by pools and large operators who have had little difficulty in advancing the prices of stocks in which they were interested, although this party does not include the really great powers who were active in the market last spring; and, thirdly, that there is an almost utter absence from the market of the outside speculative public. Public buying is usually stimulated by such a rise in values as has been witnessed here since Oct. 7; but commission houses report orders for the purchase of stocks from this source as infrequent as at any time since the May panic; though the orders to sell stocks are equally few. Here the divergence of opinion begins. Some observers, probably the majority of them, declare that as long as money keeps easy, the Secretary of the Treasury obliging, and no business disaster intervenes, the prices of securities can be and will be advanced indefinitely, and that the public, with capacious purse, will come in "at the top" finally. Others think that the advance has already proceeded to what, in the absence of public support, is a dangerous extreme and they declare that the general view taken of the market by outside investors and speculators is, so far as it can be ascertained, that prices are too high, that the market is an artificial one and that they will have none of it.

There were few developments in the financial world during the week, but several new mysteries were created and some old ones whispered about in tones of increased hoarseness; mysteries, as every one is aware, are often held to be of much more substantial benefit to a market than real news. First place among these dark things must easily be accorded to the great Vanderbilt "deal;" and disclosure of the circumstances, as yet wholly undiscernible by the average investor, which justify the increment of a score of million dollars within the last few months upon the quoted value of Vanderbilt securities as a whole is eagerly awaited by an expectant community. Undue curiosity in the matter has so far brought much animadversion upon those manifesting it, but some simple reference, at least, may be made to the last explanation current in Wall Street for the movement. This is that the scheme involves a distribution of the assets of the Lake Shore treasury, the chief beneficiary of the process being, of course, the New York Central Railroad. Inquiry naturally follows as to what those assets are. They do not exist in money, for the report of the Lake Shore road up to July 1 showed cash on hand of only $8,764,429, with a debt of $6,000,000 incurred during the year in the further purchase of shares of the Nickel Plate and Lake Erie and Western railroads. The Lake Shore assets must consist, therefore, of the road's holdings of the various securities of the two railroads just named, as well as of the Canada Southern and the other properties known as the junior Vanderbilts. These are entered in the Lake Shore balance sheet as having cost $95,885,147. Their book or market value is much larger, and reckoning in this way, the Lake Shore has a large surplus, although in undivisible form. If, in some way, the Lake Shore company could dispose of its majority holdings in those stocks at prices now ruling in Wall Street for the minority interest in them, Vanderbilt control being still maintained, it would have a pretty sum to give to its stockholders in the shape of an extra dividend. But obviously these prices in Wall Street have been promoted by "holding up" the small quantity of minority stock extant there, and they are now maintained at a level which is far above that of actual worth. Will the investing public choose to become partners in a "holding company" which has absorbed property upon such a fictitious basis? Will even the New York Central's stockholders be inclined to do so? The idea is preposterous, and the Vanderbilts "deal" must contemplate something very different from it. Indeed, the further one probes into the "deal," the darker becomes its gloom. Light must be patiently waited for. Manhattan Elevated has risen $15 a share within the last two weeks because of the increased earnings which will accrue to the company from its use of electrical power year after next, and by reason of a rumor that a "holding company" is to be formed which shall take in at high prices the stocks of all the traction, gas and electric light and power concerns in this city and Brooklyn and upper New Jersey. Reading securities have been strong in view of the splendid conditions and prospects of the coal industry, and the belief, which is entertained in good quarters, that the dividend of the New Jersey Central, of which the Reading is the majority holder, will be raised. Among the industrials the American Locomotive and American Woolen stocks have reflected the undoubted prosperous condition of their companies' present business and the rosy outlook for it in the coming year.

The two occurrences in the week really deserving careful attention were the declarations of hostility to the Northern Pacific-Great Northern consolidation made by the Governors of the Northwestern States and the heavily increased assessments laid by the State Board of Equalization in Illinois upon the franchises of Illinois corporations. Great as may be the economic value to the people of the whole country—and that it will prove such in the long run seems the view of most of the intelligent persons who have made the subject a study—of the proposed joint management of the Chicago, Burlington and Quincy, Northern Pacific and Great Northern Railway systems, the fact remains that the project not only runs counter to traditional popular sentiment throughout the territory affected, but that it is in open and conceded conflict with the Constitutions and statutes of many States. It is inevitable that, sooner or later, the courts will be asked to decide the great legal questions that are here involved; while so far as popular agitation against the scheme is concerned, the fear is that it may assume the form of legislative harassment and increased tax levies. The lawyers who have advised at every step in the formation of the Northern Securities Company say that they are sure of their ground; but there are many who have read the sweeping provisions of the Constitution and statutes of Minnesota and other States against the joint operation of competing railroads, the United States laws against restraints and monopolies, and the long line of decisions of the Federal courts in which judicial opinion is steadily arrayed against the spirit of just such railroad consolidation as is here attempted, who regret that they cannot share such optimism. There is the best of reasons for believing that whatever is talked in Wall Street to the contrary the market attitude of those who have this great project at heart is at present one of extreme conservatism. This is the question: Can the sanctity of contract and the inviolability of the right of property protect a corporation organized in one State for the purpose of operating railways in another State in a manner which the Constitution and laws of the second State expressly forbid? It is a question which grows as one studies it.

The Illinois corporations, chiefly those in Chicago, have probably not exhausted their legal remedies in contesting the heavy assessments which have been laid upon them, and these assessments may be eventually reduced; although the tax was laid under the specific instructions of the highest court in Illinois and the United States courts have refused to interfere. The value of the incident lies in its illustration of the progress of this entire franchise tax movement. When these enactments were first brutted in this and other States, two years ago, the weight of legal opinion was decidedly that efforts to tax the intangible franchise of a company already taxed under existing laws were unconstitutional. But so far the courts have uniformly upheld the franchise tax; the revenue from it has become necessary for public uses, notably so in the city of Chicago; and the legal fraternity generally seem to think now that it would have been better for the companies concerned if they had admitted the constitutionality of the tax and bent their efforts toward reducing the sum levied. That franchises do have great value, whether or not it is legal or just to tax them, seems undeniable. What better proof of this could be presented than in the case of the great company which operates the surface railways in our own city with such admitted high efficiency! This company leased from the Harlem Railroad the branch commonly known as the Fourth avenue street car line. It sold the cars and car horses, pulled down many of the buildings, tore up the tracks so as to substitute new motive power and virtually destroyed the existing property of the line. All that remained in the hands of the leasing company was the franchise to operate a surface railway, and for this the present traction company is gladly paying $400,000 a year and making a large profit by the transaction. Clearly, there is a "tangible" basis for taxation here.

PHILIP KING.

FINANCIAL AND COMMERCIAL.

UNITED STATES AND STATE BONDS.

Sales.	Name.	Open-ing.	High-est.	Low-est.	Clos-ing.
1100	Nat'l deb 2s	98⅝	98⅝	98⅝	98⅝

RAILROAD AND OTHER BONDS (IN $1,000s).

Sales.	Name.	Open-ing.	High-est.	Low-est.	Clos-ing.
167	Atch adj 4s	93⅝	93⅝	93⅛	93⅝
145	Atch adj 4s S	93½	93⅝	93⅛	93⅝
1	Atch gnl 4s B	103	103	103	103
124	Atch gnl 4s	103⅛	103¼	103	103⅛
1	Am Ride & L 6s	92	92	92	92
4	Am Biscuit 5s	64	64	64	64
5	Am Spirit M 6s	80	80	80	80
10	Am Tob Scrip	100⅛	100⅛	100⅛	100⅛
10	Atl & Danv 1st	96	96	96	96
10	Ann Arbor 4s	96⅛	97	96⅛	96⅛
1	Atl & S con 6s	110½	110½	110½	110½
967	Balt&Ohio debs	107	109⅛	107⅛	108⅛
58	B&O 4s	103⅝	104	103⅛	103⅝
129	B&O pl 3½s	96⅝	96⅝	96⅛	96⅝
166	B&O S W 4s	91	91	90⅝	90⅝
2	B&A R R 7s	76	76	76	76
4	B' klyn B T 5s	105	106⅛	105	106⅛
1	B'klyn City 1st	114	114	114	114
40	B'klyn Union 1st	101	101⅛	101	101⅛
10	B'klyn Un Gas 1st	116⅛	116⅛	116⅛	116⅛
4	Can Sou 1st 5s	107	107	107	107
50	Cen Pac 1st 6s	110⅛	110⅛	110⅛	110⅛
20	Ches & Ohio 4½s	107⅛	107⅛	107	107
1	Chesapeake 5s	116	116	116	116
6	Chic & Alton 3s	104⅛	104⅛	104⅛	104⅛
1	Chic & Alton 3s	104⅛	104⅛	104⅛	104⅛
4	Chic & Alton 6s	165	165	165	165
103	C&A R R 4s	87⅛	87⅛	87⅛	87⅛
500	Chicago Gas 1st	99⅛	99	99⅛	99⅛
2	C B&Q Neb 5s	98	98	98	98
2	C B&Q Iowa 5s	110⅛	110⅛	110⅛	110⅛
2	C B&Q Ill 3½s	106⅛	106⅛	106⅛	106⅛
2	C B&Q Ill 4s	109	109	109	109
1	C B&Q Ill 5s	114	114	114	114
10	C B&Q Ill 6s	119	119	119	119
1	C B&Q Ill 7s	127	127	127	127
1	C B&Q Ill 8s	133	133	133	133
1	C B&Q Ill 10s	140	140	140	140
1	C B&Q Ill 12s	146	146	146	146
1	C B&Q Ill 15s	150	150	150	150
1	C B&Q Ill 20s	160	160	160	160
1	C B&Q Ill 30s	170	170	170	170
1	C B&Q Ill 40s