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*** START OF THE PROJECT GUTENBERG EBOOK SOCIAL COMPTABILISM ***

SOCIAL COMPTABILISM

By **ERNEST SOLVAY**

THE CHEQUE AND CLEARING SERVICE

in the Austrian Postal Savings Bank

PROPOSED LAW

laid before the Chamber of Representatives of Belgium

By Prof. **HECTOR DENIS**

1896

(Extract from the Annals of the Institute of Social Sciences)

BRUSSELS

AT THE INSTITUTE

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Table of Contents provided by Transcriber

[SOCIAL COMPTABILISM ITS PRINCIPLE AND GROUND OF EXISTENCE](#)

[SOCIAL COMPTABILISM \(COMPLEMENTARY NOTE\)](#)

[THE CHEQUE AND CLEARING SERVICE](#)

[APPENDIX](#)

[PROPOSED LAW](#)

[PROPOSED LAW DEALING WITH THE ORGANISATION](#)

SOCIAL COMPTABILISM

ITS PRINCIPLE AND GROUND OF EXISTENCE

THEORY OF THE MEASURE OF TRANSACTIONAL VALUE

By ERNEST SOLVAY

Would it be possible, in a society constituted as ours is, to replace the agency of money by another agency which would have its advantages without its inconveniences, and which could be considered as theoretically perfect,—in other words would it be possible to replace the agency of money by a system which would be the final expression of possible improvement in this matter and the definitive point to which social economics ought necessarily to tend? This is the subject which we propose to consider.

The paper *Social comptabilism and proportionalism*^[A] which was the starting point of the Institute of Social Sciences of Brussels, was necessarily done in a premature fashion, the subject being regarded from too general a point of view, so as to be harmful to a true explanation of «comptabilism» properly so called. It laid itself open to criticism and lays itself open still; it does not satisfy all those who wish to go deeply into the question. On these accounts we deem it our duty, after what the Institute has already published with reference to it, to return again to the subject, limiting ourselves to purely monetary and account-keeping grounds, and an exclusively theoretical explanation of the conception which, connected as it is with the inductive researches of our fellow workers we have submitted to their consideration.

In the first place let us examine into the use of money in society, and to whom it is of use; we will next consider if it is indispensable.

Money presents itself to us as being an indispensable instrument for effecting transactions which are not mere acts of barter, and it presents itself also as having rendered possible,—and this is of capital importance as the sequel will show,—the registering, the writing down or account-keeping of the transactions, if one may so say, which barter did not permit.

Money is exclusively of use to those who enter into commercial transactions. Thus a man who could sufficiently provide for himself in everything without any such transactions, would not have to make any use of money; a landed proprietor may have a considerable fortune and have only a small monetary need, whilst a merchant whose fortune may be much less will find himself in a very different situation: for the greater part of his fortune consisting of merchandise, continually renewed, and consequently engaged in circulation, his monetary need will be considerable. It may therefore be said that the need of money is proportional to the need for commercial transactions.

Beyond what we have just pointed out, has money fulfilled, or does it fulfil any other purpose? We shall see.

If, from the beginning, we could have had a system allowing us to exactly register transactions, would money have been indispensably necessary? In a word, is money in point of fact the particular element in such transactions which caused the writing of them down, or, in reality does not its use hide an agency entirely independent of money? Let us examine this.

But we cannot do so without offering as a necessary preliminary a few words in explanation of the term «transactions», which we have already used and which will continue to be employed in this paper to the exclusion of the word «exchanges».

In our opinion exchange properly speaking,—true exchange and free from the alloy of any foreign element whatsoever, has never been anything but barter; and as soon as the system of barter was left and that of money entered upon, the exchange system was rather abandoned for another system quite different, than that one form of exchange was simply substituted for another form of exchange. And if we have continued afterwards to make use of the word «exchange» it is due more to the force of habit than in order to define the actual condition of things.

What in reality fundamentally characterises barter, is that it is an exchange, carried out on the spot, of goods immediately usable by the two parties, each of them giving one usable thing in order to enter into possession of another; whilst that which fundamentally characterises the operation of selling and buying, by means of money, is that it constitutes an exchange of goods carried out on the spot, of which one form only can be immediately used by one of the parties, the other party obtaining not a real thing but an instrument by which he will be able to procure it. So that the party who has received the money, the seller, has only thus obtained a *power* to make subsequently an inverse operation, that is a purchase where and when it pleases him. The operation of selling and buying is then nothing less than the *exchange of a thing for a power*. But can we still make use of the word «exchange» to define such an operation? We do not think so, and it is for this reason that we substitute for it that of «transaction.»

The word «exchange» has continued to be employed after having quitted the system of barter to enter upon the system of buying and selling, by means of money, just as the expression «money» has continued to be used to describe bank-notes, which are only paper having the power of money, as money is an instrument having the power of «things.» Thus we have here an example of the general rule, that the evolution of ideas and of facts, is always more rapid than that of the words which represent them.

Our opinion with regard to «exchange» will be found all the more justified since it will be seen

later on that the power conferred by money upon the seller does not exclusively belong to the monetary system, but that it can be obtained, and that theoretically it always could be obtained, in quite another way, without exchanging anything, without having anything to do with money, by simple entry, registering or writing down of figures on paper which is not exchanged, but which remains in one's own hands.

Let us now come back to the question.

We proceed to show that the relative value of things is independent of the unity of value chosen, and that the transactions can be registered, written down, abstraction made of the real, actual value of the material support which has served to fix this unity.

In a general way and within possibly narrow limits, very different and variable according as the case may be, given the existence in actual society of fortunes and desires of all degrees of importance, one can, in principle, admit that theoretically, the value v of a thing or of a certain quantity of goods, is proportional to the average d of the desire to possess it, which the men demanding it have, either on account of its use, or from any other reason, multiplied by the number h of these men and divided by the number o offered of this thing; these three factors d , h and o not being probably in other respects determinable with precision.

We shall then have for the formula of value:

$$v = u \times dh/o$$

u being a coefficient of proportionality depending on the unity of value adopted.

It will be seen that the term dh/o represents in reality the account of the conditions of the supply and of the demand at the moment and at the place where the value is determined^[B]. In substituting E , we have a new term expressive of the value:

$$v = u \times E.$$

The relatively fixed value of the precious metals has made it possible for the unity of value to be determined on and easily represented by means of a certain quantity of metal, and the actual monetary system is the result, the value of all things having been henceforth expressed by means of the monetary unity identifying itself with the unity of value determined on. But it may in consequence be remarked in looking closely into this, and it is important to do so, that this result has been reached not because the thing: «metal money», has made its appearance, but because thanks to it, a common denominator of the value of things in general has been employed which did not exist before.

Now, as we shall see, this common denominator does not of necessity remain invariably tied to the thing, money, or more generally to any sort of material support which has served to define it at a given moment. Once fixed it may be considered independently of this support; becoming thus a permanent quantity in time and space, taking in consequence the character of a common measure of the transactional value of things and being employed as a unity of measure of that value^[C].

In reality this hypothesis could only be made when there was no such thing as money, and a system of barter exclusively prevailing, those engaged in making transactions might have said to themselves. «Let us choose a common denominator of the value of things that we may write down our transactions, and not be any longer obliged to carry on the exchange of usable things when we do not want them, let us take for example the value of a kilogram of wheat here at ... to day, the ... as common denominator and let us calculate directly the value of all other things by this unity.

»Evidently every other thing would be worth as many times this unity as we see men would give kilograms of wheat to possess it, and thus the numerical value of things would be easily established.

»Let us agree further in future always to express the value of things by this initial value of the kilogram of wheat, *a value which has only existed during the preceding operation, and which strictly can only have existed for an indefinitely short time, but which can be considered as absolutely permanent*, and apart from any necessity of occupying ourselves with the variation of value undergone in time and space by the kilogram of wheat itself.»

It will result that if v' is the value of a thing at any period and at any place of which the originally fixed value was v , the relations will be:

$$v = u \times E \quad v' = u \times E' \\ \text{whence: } v'/v = E'/E \text{ and } v' = v \times E'/E$$

that is the value v of a thing at any time and place is equal to its initial value simply multiplied by the proportion of the terms which represent the conditions of the supply and demand at the two periods under consideration.

Let us note, that, as it should do the formula $v'/v = E'/E$ shows that the unity is eliminated when the point in question is the estimate of relative values.

It is needless to say that we do not insist on the practical possibility of the determination of the coefficients E and E' , which intervene in the preceding formula. We have in effect said that the factors d , h and o , do not appear to us determinable; we limit ourselves simply to showing here, the theoretical possibility of the system.

What is important to remark is that in proceeding, as we have just pointed out, in all estimates of

value and in consequence in the registration of all transactions, the variation in the value of the material support, corn, metal, etc. of the unity adopted does not intervene in any way.

It will be further seen and we would insist on this point, that the common denominator of the value of things takes in this system, by the fact of its invariability, the character of a common measure; that it can in consequence be taken as unity, and considered in an abstract way.

In fact this unity served once in a certain place and at a given moment to fix the initial value of things. From that moment it separates itself from the material thing which served to define it, which has momentarily represented it, and which has served as a support in our mind to effect the operations necessary to the relative fixing of the value of things. These operations made, it is of little consequence if the value itself of the kilogram of wheat varies, as is the case with the value of every thing else. Its initial value was for ever fixed, it can be taken as absolutely permanent and immutable,—the fundamental condition which a unity of measure ought to satisfy.

In like manner original values of all kinds are equally constant quantities and anyone from among them might be taken as unity.

In due course the actual values of things alter; varying continually, and it is the same with the kilogram of wheat or with any support whatever that has served to define the unity. The new values will always express themselves numerically by means of the fixed unity, although that has ceased to have a material representation. In practice the new numerical values will be obtained very easily; from the theoretical point of view they are fixed by means of the formula already given:

$$v' = v \times E'/E$$

a formula which by the way, shows that if it happened that for anything at any moment and at any place, the elements d , h and o took values such that the term $(d' \times h)/o'$ should return to a value equivalent to its initial value $(d \times h)/o$, the value of this same thing would again become identical with its initial value.

This formula shows that the value of things is only relatively to be taken for it varies ceaselessly, shifting to as great a degree as supply and demand itself, just as human desire often does,—it is only mathematically fixed in time and space, we would again repeat for an infinitely short period.

This being so it is evident that it becomes possible to put down in writing all transactions by means of the unity determined on. And if this writing down of transactions can be made under a legal form, that is, can be carried out under conditions which have the effect of conferring on the seller a *legal right*, corresponding to what the thing is worth to him who acquires it, and here we enter into the conception of «social accountancy», it becomes useless, superfluous and even harmful to make a material use of the thing representing the unity of the value adopted.

It is thus that from the beginning, from the very time barter is abandoned and it is no longer necessary to give a kilogram of wheat to obtain possession of a thing, that at that very moment a writing down would confer on the holder of a thing a right representing a value equivalent to it and permitting him to effect under the same conditions new transactions.

If things can thus take place, it will be seen how absurd it becomes to persist in the custom of representing materially a unity which should be detached from the support which has served to define it at a given moment, and which no longer appears as anything but an abstraction permitting in a homogenous manner the arithmetical representation by figures, of the value of things, relatively and individually. This abstract unity ought to be detached from every material tie.

On the other hand, it becomes evident that money does not in the least constitute the indispensable element for effecting transactions. And if at the distant period to which the introduction of money goes back it had been possible to tell beforehand that transactions could be written down in a simple but legal manner, after having fixed as above indicated the numerical value of things by the use of a unity essentially invariable, an enormous error in principle would have been committed if to the unities admitted as estimates of value had been given, as is actually the case now, a representation of them in gold and silver,—the franc, the mark, the pound sterling.

The usage of money has taken from the unity of value that character of invariability which it ought necessarily to possess.

This unity being associated in point of fact with a real article of merchandise, society has been exposed either to want, or to have too much of the matter thus become the indispensable element of transactions, to suffer in fact monetary contractions and dilations, the results of the traffic which necessarily takes place, results which, for a nation producing the precious metals, like the United States does, may possibly end in disaster.

A confusion must necessarily be brought about between the conventional fixed value attached to pieces of gold and silver money and the actual variable value of the very matter of those pieces. The conventional value of a piece of silver corresponds to the value we have called its initial value, and we have seen it was possible to preserve to that initial value the character of absolute permanency. But how can its invariability be assured if a material support is given to it open to incessant fluctuations of value resulting from all the speculations to which what ever can be bought and sold is submitted?

The very fact of the association of the unity of value with an actual marketable article takes away all stability from the base of our estimates of the value of things. If the price of any commodity,—

for example, some article of food or manufacture,—rises in comparison with what it was 50 years or a century ago, it is often asked whether the augmentation is real or only apparent and due to the diminution in the value of the metal which supports the unity: it results clearly from what has been advanced that the variation in the value of metal goes for nothing if, *it be well understood that the quantity of money in use is supposed to remain exactly proportioned to the needs of the transactions*. But when monetary contractions take place, the implement necessary in transactions is wanting, the value of things in general falls, for those who are engaged in making transactions offer their goods at a reduced price to get the monetary implement without which they cannot effect their operations. It would evidently be the same if this implement instead of being in gold or silver, was in wood or paper; and still the same if it was represented only by comptabilist unities.

Directly it is conceded that man must make transactions then, if an implement is indispensable to that end, be that implement paper or comptabilist unities, he will make sacrifices to procure it and will for this object part with some of his wealth, and therefore the value of things will in a general way fall. While if this implement is in excess, that is if there is monetary dilation, as excess of the implement is of no service to the great bulk of those who transact business, who only want what is necessary to effect their transactions and nothing more, it will be found that the value of things cannot be affected by this as it is in the preceding case.

We would say that if this implement is in paper, or represented by accountancy unities, its excess would do no harm, nor have any effect on the value of things, when in the contrary case as we have just seen, this value would fall. But if it is in gold or silver and instead of being stored up in the iron safes of the banks it circulates amongst those who transact business, these last will seek to get rid of it, not because as in the preceding case it is a mere implement of transaction, but as a valuable metal, and in consequence of withdrawal of this kind the value of things will be raised.

When we say that the value of things in general would rise in a case of monetary dilatation occurring in the way we have put it, and that it would fall in the case of monetary contraction pure and simple, it is because we are allowing that the supposed want or excess of money would make itself generally felt amongst those engaged in transacting business. If it only affected a special class of such persons, if gold or silver were only wanting or only circulated amongst them, it is needless to say that the rise or fall in prices would only affect the commodities in which their special property exactly consisted. We believe it right to attempt to give as logically deduced from the preceding formulas this note of precision in a rather complex question, which, as we think, has not always been rightly looked at, and that, in consequence of the fact that in money, a marketable article of variable value, is associated with a unity which ought to be invariable.

In our epoch of exact science and profound insight into phenomena and things, it is no longer possible to err on the very basis of a question of an interest so general and so vital as this relating to the monetary system. The suppression of such a defective instrument as money and its substitution by a mere simple writing down of transactions, but legally guaranteed,—a system which we have entitled «Social Comptabilism» demands the study of every economist who wishes progress independently of any dogma, doctrine or party. The time is at hand in which by the force of circumstances it must be carried into effect in highly civilized countries. Germany, almost entirely educated to-day, should have no reason to oppose its adoption, if she saw clearly the advantages which social comptabilism presents and the difficulties and inconveniences which would disappear on its use. It would be a great error to imagine that any kind of economic revolution is necessary to establish it. In Belgium M. De Greef^[D], in his «*Essais sur la monnaie, le crédit et les banques*», has shown how simple, logical and profitable it would be to approach it by rapid strides resting on the fundamental principle of «social comptabilism»,—the guarantee of property. M. H. Denis^[E] in his work on the «*Organisation et le Fonctionnement du service des chèques et des virements à la Caisse d'Epargne postale de l'Empire d'Autriche*», shows how such comptabilism has been already approached in what chiefly relates to deferred payments, in a great country, which although it does not generally lead the way in progress, seems to have correctly apprehended what relates to the machinery money masks and wrongly represents.

We shall only add one more observation in justification of the way we look at the matter, it is that in our country there is in principle at the present time in the financial organisms patronised and guaranteed by the State, all that is needed to realize «social comptabilism». Does not the National Bank of Belgium, as well as the Bank of France, among our neighbours to the west, issue bank notes,—and from our point of view, these notes represent unities of comptabilist value—to all those who offer them sufficient guarantees. In exchange for a deposit of securities, or for well known signatures, paper is obtained, notes equivalent to metal money:—this is already on the road to social comptabilism.

In place of that, let these banks issue notes, counters—only possible to be used once—or rather bankbooks containing leaves or fractions of leaves, or squares having a meaning equivalent to that of notes or counters, or able in some way easily to realize that meaning, and which would be simply obliterated in case of transactions accomplished and the working of comptabilism is fully seen although only at the threshold of the system.

Let the State then enlarge to the utmost degree possible the power of these banks to issue such notes or cheque books; let these be authorised to accept mortgages, deposits and all guarantees from third parties or others, whether directly or more indirectly by the intervention of other public organisms appointed to the work, or even analogous private organisms, of a solvency secured beyond all doubt; let this issue be made for any amounts, however small; let these establishments be even authorised to issue notes similar in form, but blank, or account-books to

people without means and only usable on the understanding that all that results in connection with them is at the risk and peril of those transacting business, and we have arrived at comptabilism complete and definitive, even to the point of suppressing the copper coinage.

It is evident that in this way society as it is at present organised, can demonetize the precious metals and establish social comptabilism without in principle having to make any revolution whatever in its present position, it has only largely to increase a portion of its machinery, already existing and in full swing. To sum up, it is a question of a simple change in the machinery of transactions and all society is interested in the realization of such a progress purely mechanical and functional, which moreover has no connection with any doctrine, opinion or party, and is no new invention whatever.

In conclusion, and at the risk of repeating ourselves, in order to explain our idea under all its forms, and to render it accessible to every mind, we think we cannot do better than to recapitulate it in formulating some articles which set forth in principle the basis on which legal arrangements could be made on the hypothesis that the legislative power should determine suddenly to decree the application of «social comptabilism» such as we have defined it in basing it on the guarantee of property, on the employ of account books, with debit and credit entries, and on the use of a stamp or punch to inscribe or obliterate figures.

The articles recapitulate the essential principles of the reform from a point of view wholly general, the only one in this notice we have proposed to examine, leaving for the present absolutely out of consideration details of application which have to be studied and which might vary infinitely.

It is needless to say that we by no means believe that a reform like this can be realized at once, we rather think that it will come by stages, as is always the case in every fundamental change relating to any established order of things.

The intermediary phases would probably be the adoption of the system of comptabilism already in operation in Austria, principally for deferred payments, as it is explained in the work of M. H. Denis, already cited (it would be only necessary to add to this system the guarantee of the State, based itself entirely on the guarantee of individual property, in order to enter into the plan of «social comptabilism»), and on the other hand, a large extension of the issue by the State of paper money for that which concerns current payments as proposed by M. De Greef (it would suffice to add the system of stamping as equivalent to signature, the limitation of the use of paper to a single operation, and its regular return to the Accountant's Office, for to make such reforms equally a part of the plan of «social comptabilism»).

Articles setting forth the principles of an organic project.

- 1.—From ... the monetary system shall be replaced by the comptabilist system.
- 2.—The National Bank shall become a comptabilistic establishment, commissioned to deliver to individuals, to societies, etc., account books, divided into leaves and squares having a certain significance for the credit, and leaves and squares having a certain significance for the debit, in which the signification of the transactional operations effected, and which at present involve the use of money, shall be stamped^[F] respectively to the credit and debit of the account-books of each of the operators in account unities equivalent to the actual franc.
- 3.—The accountant-general will deliver either blank account-books, or account-books having a certain sum inscribed to the credit of the account-book.
- 4.—The transactional operations inscribed in a blank account-book will be effected at the risk and peril of the operators. Every-one will be able to obtain such an account-book.
- 5.—Contrariwise, the transactional operations inscribed in a credit account-book will be made under the guarantee of the National Bank, but only in so far as they concur with the sum inscribed to the credit of that account-book.
- 6.—Every-one can obtain credit account-books, for a certain sum, either in mortgaging some corresponding property in favour of the Bank, or in offering to it the guarantee of a third party, who should have agreed to a similar mortgage, or ...
- 7.—An account-book out of use or obliterated, or of which the sum appearing to its credit is exhausted, will be returned to the accountant-general; should such returner of an account-book have a balance, then the accountant-general will open an account in the official books, and enter this balance to that account.
- 8.—Every individual whose account-book balance is to his credit will be able to obtain credit account-book for a maximum sum equivalent to this balance, if he offers a corresponding mortgage either as before stated, on an existing property, or on property he may acquire by means of the sum thus inscribed to the credit of his account-book.

What has preceded shows how simple, unobtrusive, passive is the part played by the accountant-general.

The books containing the figures signifying what transactions have been effected either to the credit or debit side, with the figures attached identifying those who have made the transactions,

are remitted to him.

He adds up the credit and debit account and, if there is a balance, enters it to the account of the possessor of the account-book. That is all. If he comes across mistakes or errors, he rectifies them, notably if he discovers that the statements of the account-books do not agree with the corresponding statements of the account-books of those whose transactions appear there.

The accountant-general acts as a piece of machinery would act. He is a recorder of figures, a *registrar of balances*. If there are no balances to enter he does not even make a registration, and is then only a *legal witness* of transactional operations. No more is asked of him in order to arrive at the suppression, pure and simple of the monetary system.

But from the day in which the comptabilist system becomes legal to the exclusion of the monetary system, from the moment in which each individual has his personal account introduced into the registers of the accountant-general, his *transactional life* is henceforth, and for ever, represented on the one side by the mortgages and guarantees that he furnishes in order to obtain comptabilist unities, on the other hand by the balances of his account books that the accountant enters successively and indefinitely to his account. If the whole fortune of each person were treated in such a manner, and it is this we foresee must be the legal situation in the definitely social state (having for sole tax the succession duty, etc., etc.), it is plain that the true function of the accountant-general would be that of recorder of the state, of the shifting social position of each person, the determiner of the diagram of his active, relatively effective life. Each individual would thus have the stereotype of his effective social life cast; each social being would have his effective life formulated, if one may so speak, *by relation*, always by relations, nothing but by relations—to that of all the rest, but in figures, and yet again, in nothing but figures. And herein is seen clearly the fundamental error or profound confusion of those who believe there can be any other thing in the social problem which occupies us than what has just been stated; of those who imagine that capital or fortune must be able at *every moment*, and not eventually, in the sole end of utilising the metal for itself, to be represented by its equivalent in gold or silver; of those who persuade themselves that the words capital and fortune represent anything else than *relative* social power of action or enjoyment which it is sufficient to record, to make public, purely, simply and legally, as we propose, in order that it may be absolutely guaranteed to each person.

ERNEST SOLVAY.

FOOTNOTES:

[A] *Annals of the Institute*. N° 1. June, 1894.

[B] If it is not admitted that the term *dh/o* exactly represents the account of the conditions of the supply and the demand, it could be represented in a more general way by a function $F(dh/o)$ of the elements *d, h, o*, which are the only ones which ever can, according to our view, intervene in the fixing, for even admitting that things could be regulated to the last point, socialized if you will, these two elements of supply and demand would at least remain always existing and dominant.

[C] It is by design that we employ the expression *transactional value* in order to differentiate it from a value such as would result from a theory of the measure of value based on work stored up in transactional merchandise, a theory with which we have not here to occupy ourselves.

[D] *Annales de l'Institut*, 1896. N°s 1 and 4.

[E] *Annales de l'Institut*, 1896. N° 5.

[F] We think we ought here to recall (see: *Comptabilism et Proportionnalisme social*) that every-one who makes transactions carries about with him not only his account book, but also a marker or stamp bearing representative figures or signs, identifying his personality and by aid of which he inscribes or obliterates the figures significant of the transactions in the account book of his correspondent.

It is needless to add, that instead of marking,—an operation we have always put forward the better to show that all account-keeping can be done by simple inscription or the registration of figures and without any «exchange» whatsoever, not even of bits of paper—a system could be adopted, for example, consisting of having on the credit and debit sides of the account-books, leaves of stamps more or less analogous to postage stamps, credit-stamps which the buyer would detach from his account-book, and which would be fastened into that of the seller, then the seller would detach from his account-book corresponding debit stamps to be fastened to the debit side of that of the buyer. These stamps would carry naturally besides their signification the same figures or representative signs of the personality of the maker of the transaction as the marker they would be destined to replace.

The comptabilistic system making use of such stamps rather than of marks would be applied to deferred payments as well as to current payments, it could be thus used in every case.

The principle of the account-book consists naturally in the book forming a real account with debit and credit—like all accounts in ordinary book keeping,—in which is inscribed in a way which would be regarded as valid,

having legal force the sums corresponding to the transactions effected either by being written out at full length, with the signature, or by marking in figures, and indicating at the same time the personality of the party making the transaction, or by means of stamps as we have just seen, or finally by some other way.

Directly we leave the principle above mentioned to look at some intermediary form of its application, a host of combinations offer themselves. The use of stamps for example would permit doing away with the debit side in the account books. The buyer in this case detaches, from his account-book, which becomes now only a credit account book, the stamps corresponding to the extent of the transaction, and he sticks them in the account book of the seller, which is also only a credit one: the credit of the seller increases, that of the buyer diminishes, that is all. If the buyer does not stick his stamps in the account-book of the seller, these stamps can circulate, they would be analogous to bank notes which have been endorsed by writing upon them the name of the first party holding them.

SOCIAL COMPTABILISM (COMPLEMENTARY NOTE)

By ERNEST SOLVAY

In the last number of these Annals^[G], I explained in a manner which I consider definitive, the theoretical conception of comptabilism.

To this point of view it seems to me necessary to add a few words in order to throw light on certain points which the first article did not sufficiently bring out.

We have seen what is the use of money and to whom it is of use, we have considered if it was indispensable. Gold and silver are not a «real commodity» except when they take the form of useful objects, utensils, works of art, etc., the possession of which produces enjoyment. Turned into coin, they lose this character, they become an instrument, an instrument recognised so far as indispensable for obtaining a real commodity, be this commodity material or moral, by an operation which I have designated under the general term of «transaction». Money is not then a commodity in the true sense of the word; on the contrary it is generally obtained by the surrender of a commodity.

It is solely in order to accomplish the «operation» of transaction that money is needed, because this is the method, the means, the instrument which custom has consecrated; and if another practicable method, means or instrument were found in order to accomplish this operation money would no longer be indispensable. Now, this is what comptabilism does.

It is essential to note here that the comptabilistic unities, francs, marks, pounds, etc., would be derived from securities, and not, as with money by the surrender of commodities, that in consequence these unities would no longer have a value by themselves, but simply by the things which they represented.

But apart from that, they could be with held or parted with, they could be borrowed or lent, with or without interest, directly from man to man, or by the medium of banking houses, exactly as in the case of money.

And in fact, if the force of habit required, nothing would prevent their being called money of account or comptabilistic money, since apart from what has just been said as to the way of obtaining them and their nature, nothing would be altered in the current methods, everything would remain as to day both in the organisation of business and of society. And all that might have been said, written or thought until now in an opposite sense to the fore going considerations should be held as contrary to the reality of the facts resulting from comptabilism.

The conception of the comptabilistic system is one quite other than that of the monetary system. There is not the smallest trace of this second conception in the first; it becomes necessary to leave entirely the one to understand the other. In a word the two conceptions mutually exclude each other; the one is based upon *exchange*, the other upon *accounts*, and the two systems derived rest thus on two essentially different principles.

The examination of the theoretical side of the comptabilistic system could not be undertaken through the ideas, nor from the point of view derived from the monetary system. It is necessary first of all to accustom oneself to think and speak of business, finances, etc., abstraction being made of every idea of money and to persuade oneself that transactions—and by transactions I understand every operation, whatever it may be, which gives rise at present to the use of money or its equivalent—when finally analysed, only modify the ratio of fortunes. If these ratios could be continuously recognised and fixed, could be officially registered, money would lose its use. Indeed, money put in circulation by whatsoever an operation is only a means of granting to the one who receives it, the power to acquire subsequently its equivalent, the other who has given the money having diminished by this much this power as far as he is concerned.

Now the comptabilistic system in officially registering this power, acquired on the one hand and diminished on the other, permits the afore mentioned ratios being fixed, and realises entirely the part played by money. Therefore it can entirely be substituted for the monetary system. And let it be said, in its favour, that the power registered in this system cannot itself be lessened by the fact of the fluctuations in price of the metal, as actually now takes place. Moreover, the necessity which exists at this present moment of surrendering commodities to procure the monetary

instrument indispensable in transactions, would disappear.

It is evident that it might have been possible *theoretically* to pass directly from the regime of barter to the application of the comptabilistic system, and if one admits that the conception of this system could have been produced at this far distant epoch, and have been thus used from the commencement,—which in the presence of the laws of evolution of the human mind, could only be a pure hypothesis—it must be immediately granted that the monetary idea could not then have occurred to anyone—and even admitting, which is impossible, that it had occurred all the same to someone, no one would have dreamt of making use of it, so much in the presence of comptabilism would the monetary system have seemed barbarous by its illogical and inconvenient character.

Such are the theoretical considerations which it seems necessary to insist upon.

But if there is a difficulty in comprehending the question from its theoretical side, this difficulty disappears if approached from the practical side.

This is what will be seen on examining the system which M. Hector Denis has gone to study in Austria and which he proposes to realise in Belgium.

All the post-offices in the Austrian Empire are in connection with the Savings Bank, the central establishment of which is in Vienna and which has become during the last few years a thoroughly comptabilistic establishment, in this sense, that,—independent of its primitive aim, it keeps the accounts of over thirty thousand who are affiliated and who annually through this medium do business of which the figures are above a thousand millions of florins.

The Savings Bank exacts from those persons who wish to transact business through its medium, a fixed monetary deposit of 100 florins, without relation therefore to the importance of the transactions which they can effect; it opens for them an account and delivers them, upon request, cheque books which serve to effect the payments which they desire to make. All this is done by the intervention of any post-office of the Empire.

Each time that a cheque is paid by an affiliated person, the Central Office at Vienna is advised by post and returns immediately, also by post, an extract of their account to the two persons concerned. Each affiliated person's account is thus kept to date, and this as much for the Central Bank as for the person affiliated.

Here then are thirty thousand persons who could at a stretch do entirely without money—if their mutual relations were sufficient to permit them to do so for all the necessaries of life, and this result is obtained merely by the fact that an official establishment is willing to undertake to keep the banking account. But it is seen that these thirty thousand persons are but a select few in the mass of the population, since the Savings Bank admits them to carry on transactions merely upon the deposit of 100 florins, thus almost always at the risk and peril of the transactors, as has always been the case so far in regard to cheques. And it is evident that if it were desired to make the system general, it would be necessary to adopt the principle of comptabilism which would mean that the transactions were guaranteed by the property of the persons affiliated.

Here then, as I said, has the Savings Bank of Vienna become up to a certain point a comptabilistic establishment. I may add that the dangers that might threaten this institution, as far as it actually works, spring from its being not entirely comptabilistic, in so far as it still retains the metallic basis.

The deposits received are not left unproductive, they are placed in funds, public or otherwise.

Let a political crisis occur which should cause a rush of withdrawals of these deposits from the Bank and it would be exposed to the greatest dangers. Solely because the institution is based upon current ideas and not upon the comptabilistic system.

In effect, in this latter system, the individual who is affiliated does not make a deposit of monetary unities having a value in themselves, he gives as a pledge a commodity, and according to the value of this commodity he is permitted to make use of more or less unities.

Here then is the ground on which the institution ought to be based. Under these conditions deposits are not necessary. The affiliated person will give a pledge in exchange for his cheque book. The registers of the Central Savings Bank will declare that he is permitted to carry on transactions with x unities, and his cheques will be accepted, as long as he does not go beyond this figure.

In place of a deposit having a value of its own, there is the simply writing down, the entry of a right, and the dangers of the present system would be avoided.

The entry and the writing down constitute the ideal realization of the comptabilistic system. They lead one to understand that the transactional unities have only a fictitious value, that they serve solely to measure the transactional value of things, that their system is thus dependant on the existence of these things.

Ideally speaking, all the transactions, that is to say the changes in the fortunes of individuals, may be written down, may be entered, for example in bank books.

But concerning the practical side, although the entry remains the ideal conception, it may be that the necessities of human relations require other methods of a more convenient nature. This is a side of the question upon which we hope soon to set forth some solutions, but which can be discussed without the theoretical side of comptabilism being introduced.

ERNEST SOLVAY.

FOOTNOTES:

[G]

Annales de l'Institut des Sciences sociales, of Brussels.

**THE ORGANISATION AND WORKING
OF THE
CHEQUE AND CLEARING SERVICE
(CHECKS UND CLEARING VERKEHR)
IN THE AUSTRIAN POSTAL SAVINGS BANK**

By HECTOR DENIS

The accumulation and safe keeping of funds, their investment with the triple guarantee of security, productiveness and easy and prompt realization are regarded as the fundamental functions of Savings Banks, and it is in these directions that their development has especially been accomplished.

The comparative studies on these institutions, such as the works of Rostrand and the fine account of Messrs Hamande and Burny testify to the increasing ingenuity of the means of drawing out and gathering up savings, and of the great expansion Savings Banks well conducted can give to divers forms of credit, and will finally be obliged to give them.

But such is the flexibility of this institution that in carrying the spirit of reform into the means of assuring to the depositor the most prompt and convenient disposal of his savings, there ought, in order to apply it to his payments, to be accomplished in the Savings Bank, an evolution equally fecund in a new direction.

A savings bank like that of Vienna having at its command the powerful lever of the postal service, combining in a few years with singular ability, the centralization of the accounts of its depositors with the post office functions,—at once receptive and distributive, centripetal and centrifugal, cannot fail to appear one of the most ingenious, stable and perfect organs of modern circulation.

There is no need to discover in this functional evolution the realisation of any new principle—undeniable bonds of filiation attach it manifestly to the Bank of Amsterdam, whose system of clearing accounts Adam Smith has so admirably described, and in a still more distant past to the Bank of Venice, which, more perhaps than the Bank of St-George, served as a type to the Bank of Amsterdam; only like the most advanced modern institutions of credit and settling up, it has, over the primitive institutions, the advantage of perfections of means, of rapidity, and of an ever-growing importance in its operations, and of an ever increasing economy of money;—it has as its own peculiar features conditions of special expansion, valuable means of control and specially a capacity of adaptation to a system of credit institutions which can make it one of the instruments of the transformation of the monetary system.

The Austrian Imperial Government in carrying out the reforms which are the subject of this paper does not directly pursue the solution of the monetary problem, but is primarily occupied with the financial interest of the Savings Bank. As its able secretary, M. Tobisch, has explained, the law of May 28th 1882, of which the text is given further on, in organising the Postal Savings Bank, caused no doubt a considerable number of deposits to be made, but their average importance was so feeble and they involved such general expenses, that the cost almost completely absorbed the results of the investments. In order to distribute these general expenses over a greater mass of monies and to realise a larger clear profit, that is to cause more considerable deposits to be made by especially interesting tradesmen and working-men to have recourse to the medium of the Savings Bank, a notice of the Minister of Commerce of Oct. 29 1883, authorised the depositors of over 100 florins to draw cheques on the Central Office at Vienna. Originally the depositor remained the holder of his account-book, but from Dec. 1 1886, the deposit of all such books at the Central Office in Vienna became obligatory for those who wished to take advantage of the cheque service. The institution of this service had a considerable influence on the progress of the amount of deposits; before the reform in 1883 the total deposits amounted to 8,176,889 florins, a year after in 1884, they reached 56,586,461 florins, of which 46,223,539 was connected with the cheque service.

The natural corollary of the centralisation at Vienna of the accounts of all those who adhered to the cheque-service was the organisation of the service of clearing accounts, for the more the number of its adherents increased, the more frequently it happened that one depositor drew a cheque in favour of another depositor. The cheque, up till then payable in specie, became a clearing cheque realisable by a simple transfer in writing. This complimentary service which is destined to become the principal one, was instituted Sept. 1 1884.

The Austrian institution is only at present an element in the vast modern system of credit and the balancing of accounts and no one is ignorant that the system entirely rests on metallic money, as Stanley Jevons, Francis A. Walker and Macleod have elsewhere clearly shown. Macleod makes the striking comparison of modern circulation to the movement of a peg top which spins round on a very fine metallic point.

The Postal Savings Bank, as it is organised and works, has not yet any kind of purpose of freeing circulation from its metallic basis, but like all other credit institutions, it contributes to this end by economising more and more the use of money; with extraordinary powers of expansion, it enables an ever increasing number of respectable persons, associations or bodies, to effect all their payments without the least risk, almost without loss of time and without having to keep any metallic money in their possession. And if one tries to conceive the future ideal evolution of an instrument so flexible as the Savings Bank, one may expect as I shall attempt to show in

subsequent papers, that in combining its circulatory function with its function of investment it will be led into concurrence with the radical transformation sought by M. Solvay in the definitive elimination of the metallic instrument.

The sources from which the materials of this account have been drawn, are the laws, regulations and instructions of which the translation is appended, the statistics of the cheque and clearing service in the last official report (*Zwölfter Rechenschaftsbericht des postsparcassen Amtes*) the remarkable studies of M. Tobisch, secretary of the Savings Bank, and finally direct observation. Guided by one of the most enlightened officials of the Savings Bank, Inspector L. Kotschy, I have been able to penetrate into the inner life of this admirable institution. The Vienna Central Postal Bank occupies the old palace of the University; there, distributed in its antique halls, a population of 1,300 employés, among them 150 ladies, working after a skilfully organised plan, pursue silently now for thirteen years, with inflexible method, an experiment of very great interest for science and for the economic life of societies. Bound by invisible threads to more than four thousand secondary organs:—the post offices, which plunge directly into the torrent of the exchanges,—the Central Office records each day with extraordinary precision the minutest changes that the ever increasing number of its adherents accomplish in the social movement of wealth.

All the operations of which it thus fixes the traces arrange themselves into two great classes which recur as the two essential aspects of the rhythmic movement of a central organ of circulation; one joins in the formation of the property of every adherent of the system, in the constitution of his credit at the Central Bank; the other leads to different modes of disposing of his property and to the formation of his debit.

The services of cheques and account-clearing^[H] of the Austrian Savings Bank enable on the one hand every person to make, under conditions fixed by law, in any Post Office in the Austrian Empire, payments on account, or to the profit of all those who participate in the service; on the other and they enable every adherent to assign by means of a payment cheque, a part of his property to anyone, physically and morally, or by means of a clearance cheque to cause the transfer to be made to the account of another participator in the service.

The Austrian terminology bristles with difficulties, the name of *cheque verkehr* is here given to the first of these services, *circulation of payment cheques* resulting in the end in the use of metallic money, and to the second service, the name of *clearing verkehr*, circulation of *clearing cheques*, which resolves itself, as far as the Savings Bank is concerned, into the transference from one account to another, in the substitution of one creditor for another.

The cheque service may exclusively be adhered to, or the cheque and *clearing* service.

For affiliation to the cheque service it is necessary to request the Office of the Postal Savings Bank in Vienna to open an account, to send a cheque book and a book of *certificates of receipts and deposits*, of which we are now about to speak. The cheque book costs 1 florin 50 kreutzers, the certificates of deposit 1 kreutzer a piece.

The Post Office can refuse the request without having to give any reason. If an account is opened to the grantee, he receives cheque books and certificates, but he is bound within a month to effect a deposit of 100 florins as security. Neither the law nor the regulations fix any maximum of deposit. The minimum of 100 florins will remain in the hands of the administration, without the person entitled to it being able to dispose of it as long as he has an account open in the Post Office. The adhesion to the *clearing* circulation is at once requested by the Post Office, of adherents to the cheque service.

The number of adherents to the cheque service is not identical with that of adherents to the service of *clearing*. For the thirteen years that these services have been instituted the first has always taken precedence of the second, but the divergence which exists between the two numbers is being reduced and the number of adherents to the *clearing* service tends to blend and will finally blend with the adherents to the cheque service.

The geographical distribution of those who have accounts in the two services is of much interest. In 1895, out of 28,363 adherents to the cheque service there were 27,820 in Austria, 353 in Hungary, and 190 abroad,—163 in the German Empire, 5 in England, 1 in France, 3 in Holland, 5 in Italy, 3 in Switzerland, 2 in Belgium—an interesting fact.

The twelfth report: *Zwölfter Rechenschaftsbericht des postsparcassen Amtes*, insists on the important number of Hungarian commercial firms, affiliated to the Austrian Bank, all of whom have an account open in the Post Office Savings Bank instituted in 1887 at Budapest; it announces the approaching inauguration of a direct and regular service of account-keeping between the two Banks, a service to which the traders in both countries attach great importance. It will mark a new phase in the evolution of the institution; and form as it were the preface to its internationalisation.

It is curious to note that out of 543 residing in Hungary and abroad who have cheque accounts, there are 434 who are affiliated to the *Clearing* at Vienna, that is 79.9%, a proportion very much larger than is seen in all those in the various Austrian provinces.

The number of those having accounts has successively been:

	In the cheque service	In the clearing service
In 1883	167	
» 1884	2,520	1,283
» 1885	6,877	4,733

» 1886	10,553	7,274
» 1887	12,981	8,758
» 1888	14,296	9,836
» 1889	16,046	11,025
» 1890	17,808	12,200
» 1891	19,391	13,331
» 1892	21,365	14,955
» 1893	23,471	16,197
» 1894	25,834	18,250
» 1895	28,363	20,750

From the above it is seen that the proportion per cent of the number of adherents to the service of clearing rises gradually in the later years;—after having from 1890 to 1893 been nearly uniformly from 69 to 70%, it rises in 1895 to 73.2%.

The classification of the adherents from the point of view of conditions and profession reveals the elasticity peculiar to such an institution. Advocates, notaries, doctors, even professors appear in great numbers. Manufacturers and traders united represent nevertheless more than half the total number of members; 339 bankers and money-changers, 362 associations for savings and loans, 220 private savings banks, 1,490 associations or corporations,—public establishments of which 185 were communes and administrative bodies,—271 benevolent associations, funds, establishments and foundations, 175 agricultural and forestal associations and 175 religious associations, 266 assurance societies, and 204 journals or periodicals serving as media for the Savings Bank. The administration of the State forests and domains have recourse to the Savings Bank in order to bank the produce of the forestal sales, and the administration of taxes is now experimenting as to its intervention for the getting in of duties. This institution thus presents a marvellous flexibility, invading by degrees the whole domain of exchange and enveloping one by one all the organs of the collective life.

Let us first explain the modes of operating payments to the profit of every member affiliated to the cheque and clearing service. In the first of these modes, the instrument employed is the *certificate or attestation of receipt and of deposit (empfang erlag schein)*. (Fig. 1.)

Books containing blank certificates are issued by the Central Office at the low price of a kreutzer the piece, to every person adhering to the cheque and clearing services; these are books of 10, 20, 50 and 100 pieces, and to meet the needs of various holders they are drawn up either in German or in some other of the tongues spoken in the Empire. All these certificates bear the number of the account to the operations of which they are destined and carry the name and the address of the account holder.

Each of the certificates presents three parts which are separated one from the other in the course of the operation: the first, the counterfoil, remains attached to the book and in the hands of the holder of the account; of the two others, one, the attestation of the payment, has to be returned by the Post Office receiver to the person who makes the payment; the third the certificate of the deposit has to be transmitted to the Central Office at Vienna, which returns it to the holder of the account. To make a payment it is necessary to fill in the certificate of receipt and the certificate of deposit, and to present them at a Post Office with the sum to be paid into the holder's account. The receiver of the Post Office will bank the sum, and will sign the receipt, imprinting on it the stamp of the office, and will remit it to the person making the payment; he will then detach the certificate of the deposit and will send it to the Central office at Vienna with the daily account of his operations. The central administration will immediately credit the person in whose favour the payment is made, in the account that it has opened for him, and it will then transmit to him the deposit certificate with an extract of his account.

Such is the series of operations which result from *empfang erlag schein*.

Suppose for example that the holder of an account is a merchant who has furnished supplies to a customer in the provinces to the amount of a hundred florins, net. He fills up a leaf of the account book, bearing a certain number, on which he indicates the amount payable, and which payment is to be placed to his account; he sends this leaf to his customer, keeping the counterfoil with the customer's name written on it: the customer forwards the leaf to the Post Office where he lives with the sum due: the postal receiver separates from the leaf the certificate of receipt (*empfang schein*), which he signs and returns to the customer, he sends the certificate of deposit to the Central Office at Vienna, where the sum is carried to the account of the merchant. After which the deposit certificate bearing the name of the person making the payment is forwarded to the merchant with an extract from his current account, enabling him thus to exercise strict control.

FIGURE I.

(1) Coupon 0

den 189.....

(2) Empfang-Schein

pr. fl. kr.

gesendet an :

Nummer 0

(3) Empfang-Schein

über eine Einlage von fl. kr., d. i.

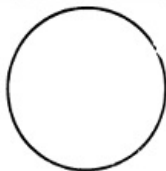
fl. ~~.....~~

auf das Check Conto Nr. 800.000

des k. k. Postsparcassen-Amtes.

(4) Conto-Inhaber :

JOSEF FISCHER, JÄGERNDORF



(5) Unterschrift des Postbeamten :

(6) Erlag-Schein Nummer 0

über eine Einlage von fl. kr.

geleistet durch

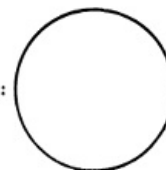
auf das Check-Conto Nr.

800.000

des k. k. Postsparcassen-Amtes.

am 189.....

(7) Poststempel :



(8) Dieser Erlag-Schein ist durch den Postbeamten abzutrennen und mit der Tagesrechnung an das k. k. Postsparcassen-Amt einzusenden.

Von der Partei auszufüllen.

D. S. Nr. 37 e (15.) ex 94.

D. S. Nr. 37 e (15.) ex 94.

(1) Voucher. — (2) Acknowledgement of receipt of ... fl. ... kr. sent to ... — (3) Acknowledgement of a payment of ... fl. ... kr. l. s. fl. ... to the cheque-account No ... of the Post Office Savings Bank. — (4) Holder of the current-account. — (5) Signature of the post office official. — (6) Acknowledgement of a deposit ... fl. ... kr. made by ... to the cheque account No ... of the Post Office Savings Bank. — (7) Post Office stamp. — (8) This acknowledgement of deposit is to be detached and to be sent with the daily account to the Post Office Savings Bank.

Space for notifications sent to the holder of the current account (affix a postage stamps of 2 kr.).

By means of this acknowledgement of receipt, a payment to the cheque account designated on the other side may be made in every post office (receiving office).

The acknowledgement of receipt and the acknowledgement of deposit, properly filled up are to be presented with the sum in question to the post office official. This official certifies the receipt of the sum on the acknowledgement of receipt and returns it to the payer, whilst he detaches the acknowledgement of deposit and sends it to the Post Office Savings Bank. The Savings Bank informs the holder of the account both by extract from the current-account and by the acknowledgement of deposit, that the sum has been received.

Acknowledgements of receipt or deposit on which are found erasures, obliterations or alterations of any kind, either in the printed text or the written sum are not accepted by the post offices. Similarly acknowledgements of receipt or of deposit which are very dirty or much torn are refused.

Deposits can be made by the intermediary of rural postmen to the extent of 500 florins. In this case the receipt and deposit certificates must be remitted to them with the sum; a provisional receipt is given which is replaced at the next round by the official receipt of the district post-office.

It will be interesting to show the importance to which this mode of arranging deposits has now attained.

There is at the Central Office at Vienna a printing office which permanently employs 16 workmen, exclusively engaged in printing cheques and certificates of receipts and deposits. Six million of the latter kind of certificates are now annually printed and the number of them printed since the setting up of this system in 1883 amounts to 107 millions. An office for the verification and control of the printed matter is connected with this workshop. As to the amount of payments made through these certificates to the accounts of holders the 12th Report enables us to give the statistics.

At the opening of the year 1883 the sums paid into the funds of the account holders, by means of the *Empfang erlag schein* amounted to 322,284 florins.

They rose successively:

- In 1884 to 43,748,349 florins.
- » 1885 » 217,109,144 »
- » 1886 » 361,466,434 »
- » 1887 » 442,138,414 »
- » 1888 » 446,874,084 »
- » 1889 » 517,734,775 »
- » 1890 » 592,089,250 »
- » 1891 » 663,221,494 »
- » 1892 » 731,325,411 »

» 1893 » 811,318,663 »
 » 1894 » 889,793,808 »
 » 1895 » 969,479,217 »

The annual growth has been during the later years about 70 to 80 millions of florins. It moves at a regular pace.

I have shown by the example above how by aid of the *empfang erlag schein*, the trader can by means of his responsible agent, the Savings Bank, receive at once the amounts of his invoices, without the money passing through his own hands. Numerous other applications of the system are before us: commercial travellers can deposit to the account of their employers, the sums they have collected in their rounds; they can even add at the back of the certificate such helpful notes as they think necessary; the commercial firm which employs them being regularly and immediately informed of payments by account extracts and the certificates of deposit being successively forwarded to the firm by the Central Office at Vienna.

Associations of every kind having accounts at the Savings Bank can by the same means gather subscriptions from the members: it is enough to send their members *certificates of receipt and deposit*; each one makes his payment at the neighbouring post office; the associations receiving, as the merchants, extracts of their accounts.

Assurance societies can in like manner, effect the payment of their insurers' premiums without any formality beyond that of sending to these insurers the *empfang erlag schein*. And in like manner subscriptions to journals and all kinds of periodical payments can be received.

Secondly.

Post Office orders issued to the benefit of any person affiliated to the cheque-service can, at his request be placed to the credit of his account. He gives to this end, on forms required by the regulations, an authorisation at his district post office. On its side the Central Office of the Savings Bank puts itself in relation with the post office. Ingenious combinations which are indicated in the instructions reproduced in the appendix to this paper, cause the order to be transmitted to the Money Order Office of the Viennese Post Office, which in paying the amount to the Central Office of the Savings Bank will at the same time inform of this transmission, the person in whose favour the order is made out.

The Post Office Orders only take a very secondary position in the accounts of the *cheque and clearing service*.

In 1884 their amount rose to	851,514 florins
» 1885 to	6,399,576 »
» 1886 »	14,197,234 »
» 1887 »	17,702,424 »
» 1888 »	17,853,284 »
» 1889 »	18,967,659 »
» 1890 »	22,349,594 »
» 1891 »	25,614,771 »
» 1892 »	26,271,893 »
» 1893 »	27,230,128 »
» 1894 »	28,252,117 »
» 1895 »	29,241,933 »

It is stated that the progressive movement is at once slower and more regular since 1891, than it was previously.

Thirdly.

The Postal Savings Bank receives in like manner for the benefit of holders of cheque-books, dividend warrants due from the Austrian public funds. It records the amount of them to the credit of the holder's account and receives a fee of 1 kreutzer a piece.

It is the least important of the agencies which feed the credit of the adherents of the system.

In 1884 the amount received was	3,310 florins
» 1885	44,056 »
» 1886	114,684 »
» 1887	134,588 »
» 1888	147,833 »
» 1889	131,944 »
» 1890	148,104 »
» 1891	167,199 »
» 1892	165,139 »
» 1893	176,524 »
» 1894	223,757 »
» 1895	254,497 »

Fourthly.

The amount of claims to debts and bills rendered payable at the post office can in like manner be placed to the credit of the adherent to the cheque and clearing service in favour of whom these bills have been drawn.

The importance of this agency is more considerable, but its progressive development is said to move at an irregular rate.

Introduced in 1886, it was absolutely insignificant during the first two years.

1886	17,916	florins
1887	23,370	»
1888	1,013,478	»
1889	1,072,812	»
1890	1,511,822	»
1891	2,303,012	»
1892	2,740,125	»
1893	2,623,893	»
1894	3,001,165	»
1895	4,301,265	»

Fifthly.

When the bearer of a cheque book is at the same time an adherent to the *clearing* circulation, the amount of the cheques issued in his favour is carried to the credit of his account by the Postal Savings Bank, unless on these cheques is expressly noted: *Outside the clearing circulation*.

The amount of this service, after that of the *empfang erlag schein*, is the most important element in the formation of the accounts' credit. It has nearly quintupled in the last ten years, moving forward, since 1886, at a steady rate, a proof, as the whole of the facts otherwise witness, of the progressive penetration of the system into the national economy.

At the opening of the institution of *clearing verkehr*, in the second fortnight in 1884, the amount of the sums carried to the *clearing* account was:

1884	1,620,102	florins
1885	40,271,880	»
1886	102,185,786	»
1887	150,479,085	»
1888	177,846,958	»
1889	216,683,156	»
1890	264,262,296	»
1891	310,141,924	»
1892	360,498,168	»
1893	414,342,892	»
1894	445,378,270	»
1895	482,031,950	»

The last and assuredly the most ingenious of the application of the system is being made at this very time in the payment of taxes.

The *certificate of the payment of taxes (steuer Einzahlungs-schein)* is nothing but a special form of *empfang erlag schein*; the Savings Bank proceeds experimentally by the trial of this mode of collecting the taxes in the province of Lower Austria.

The document, which costs 5 kreutzers, is divided into three parts: the *Empfang schein*, the *Erlag schein*, the *Treasury acknowledgement: Amtliche bestätigung* (confirmation and official attestation). (Fig. II.)

The tax payer pays at the Post Office the amount of his tax which must be paid to the account of the central administration of taxes at Vienna; the document bears the account number of this Receipt Office of Taxation. The attestation of this payment of the tax-payer is signed by the postal employé and bears the stamp of his post office.

The remainder of the document is detached from the tax receipt and presents at first the *erlag schein*; it is the authentication of the deposit paid to the cashier of the administration of finances and which is sent by an employé of the Central Post Office at Vienna. It bears the name, the profession, the address of the tax-payer, the amount of the payment made by him, and shows what is the nature of the taxes received and the number of the account at the ministry of finances.

The other part of the document is the attestation by the ministry of finances itself of the payment made to its account; this *amtliche bestätigung* will be detached and sent to the tax-payer: he will thus possess in the end a double authentication. It may be easily imagined how a tax-payer who is an adherent of the clearing service can pay his tax by a simple transfer of accounts, the ministry of finances having itself an account open at the Savings Bank.

If the various modes which concur to the formation of the property of the account holders in the Central Office at Vienna are considered as a whole the total amount of deposits has successively been:

In 1883	322,284	florins
» 1884	46,223,529	»
» 1885	263,853,687	»
» 1886	478,190,612	»
» 1887	610,477,881	»
» 1888	643,735,637	»
» 1889	754,590,345	»
» 1890	880,361,067	»

- » 1891 1,001,448,400 »
- » 1892 1,121,000,736 »
- » 1893 1,255,692,098 »
- » 1894 1,366,649,116 »
- » 1895 1,485,308,862 »

In fixing the proportional relations per cent of all the statistical data here brought together we see that the factors which concur to form the credit of the double service of cheques and of clearing, the payments made by way of *empfang erlag schein* represent in 1895, 65%, and the transfers by writing about 35%, while the total amount of the banking of post office orders, of interest in the public funds and of bills does not come to more than 3% of the whole.

FIGURE II.

The form is divided into three main sections:

- (2) Empfang-Schein:** A receipt section for the Post Office Savings Bank, mentioning account number 809,990 and the Central Office of Taxes in Vienna.
- (4) Erlag-Schein:** A payment receipt section with fields for the payer's name, profession, and address, and a table for tax amounts.
- (7) Amtliche Bestätigung:** An official attestation section with a table for interest and other charges.

(1) Acknowledgement of payment of taxes, price: 5 kr. — (2) Acknowledgement of receipt of a sum of ... fl. ... kr. for the cheque account No. ... of the Central Office of Taxes of the city of Vienna. — (3) Signature of the post office official. — (4) Acknowledgement of deposit of a sum of ... fl. ... kr. made by ... (surname and christian name of the tax-payer, his profession, domicile, district, street (place), No. ...) for the cheque account No. ... of the Central Office of Taxes of the city of Vienna. — (5) As land-tax. — (6) As house-tax. — (7) Official attestation. The sum paid by the cheque service of the Post Office Savings Bank, on the ... th of ... 189... has been placed to account. — (8) Tax. — (9) Interest charged for delay in payment of tax. — (10) Space for notifications to the person interested.

The form is titled "POST CARD" and includes a table for "Amount" with columns for "fl." and "kr." and rows for "House-tax", "Professional-tax", "Income-tax", and "Costs arising from delay, execution, etc.".

Instructions for the persons interested

By means of this acknowledgement of payment, the direct taxes indicated on the acknowledgement of deposit and their additions can be paid in each post office, but only to the Central Office of Taxes of the city of Vienna (I. Town-hall).

The tax-payer should indicate exactly and legibly, the sum paid, in figures and in letters, his name, profession and residence; he should also write down the tax in the columns designated for it indicating the kind. This condition not being fulfilled, the payment is not accepted by the post office.

The tax-payers having a cheque-account in the Post Office Savings Bank can pay the taxes designated in this acknowledgement by a cheque sent to the Post Office Savings Bank at Vienna at the same time as this acknowledgement form, duly filled in. In this case the tax is only considered as paid on the day on which the cheque is entered in the books of the Post Office Savings Bank.

Acknowledgements of payment on which alterations or erasures occur are not accepted.

The second class of operations of the cheque and clearing service of the Austrian Postal Savings Bank embraces the different modes of disposing of the property of the depositors who share in the service. The cheque is in a general way the instrument to which they recur under its two fundamental forms of cheques of payment and cheques of clearing, according as the amount is to be paid in cash or to be transferred to the account of another participant in the clearing service. The cheque books remitted to holders serve the double purpose; it has not been found necessary to print distinct documents, nor even to give to these two classes of cheques different colours.

Cheque books containing fifty pieces are remitted to participants by the Central Office at the charge of 1 florin 50 kreutzers; this sum means 50 kreutzers, expense of paper and printing and 1 florin stamp duty. They are printed on the premises of the Central Office as are the attestations of receipts and deposits. About 2,500,000 of them are now annually reproduced and more than 23,000,000 of cheques have been issued since the official presses were first set up at Vienna. They are prepared either in German, or in any other language spoken in the Empire. Before sending them to the holders of an account the Office prints on each of these vouchers the number of the account for which they are to be used, as well as the name and address of the holder. (Fig. III.)

Expressed in ordinary terms, the cheque states, that the Savings Bank will pay, on the voucher being forwarded, the sum of which the amount in florins has been written out in full. It bears the signature of the person drawing it. To avoid frauds in the statement of the sums to be paid, the

Savings Bank has adopted moreover an arrangement so ingenious and sure that up to the present time no fraud has been noted.

The cheque bears to the right four series of figures going from 1 to 9. The first set corresponds to thousands, the second to hundreds, the third to tens, the fourth to units; the four series united together can express the sum of 9,999 florins, beyond which no cheque can be drawn, so that if this part of the document is left intact, the amount of the cheque will be 9,999 florins, provided always that the written statement agrees with the series of figures. If a lower figure is stated, then the number of the thousands, hundreds, tens exceeding the amount desired must be cut off with a pair of scissors. Suppose for example the cheque is to be for 782 florins; the column of the thousands is to be cut off, figures 8 and 9 in the columns of the hundreds, the last figure in that of the tens and the last seven in the column of units. It is evident that by this ingenious method of control, it will never be possible to raise the amount of the cheque; it will be of no use to alter the written statement of the amount in order to augment it, for it will never be possible to make a corresponding alteration in the arrangement of the figures to the right; by this process of cutting off, the cheque can only be reduced in value but never augmented. And if the agreement between the written figures and the combination of the figures resulting from this way of cutting them out is not perfectly exact, the Central Office at Vienna rejects the voucher as possibly fraudulent, at any rate erroneous.

Firstly. (Cassa-checks.)

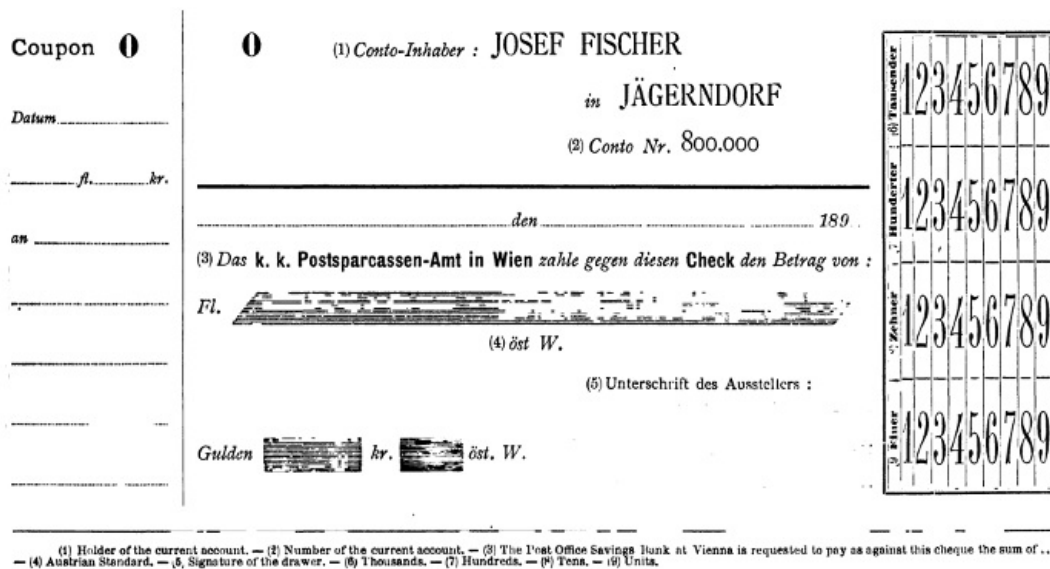
The cheque (of payment) can be payable to bearer at the Postal Savings Bank at Vienna. In this case it is delivered to the person who ought to receive the amount without the drawer having to transmit it to him. This party can either bank it himself immediately at the Post Office Bank at Vienna, or put it in circulation: this circulation is authorised for fourteen days, but the voucher cannot carry any endorsement. The cheque will be paid by the Office up to the time that the credit account of the drawer is sufficient to meet it.

If the cheque has been delivered to a person affiliated to the postal-service of cheques and clearing, he can have the amount put to his credit instead of receiving it in cash.

Secondly. (Zahlungsanweisungen des postsparcassen-Amtes.)

The customer of the Postal Savings Bank has the right to cause the amount of the cheque to be paid into the hands of a particular person in any one of the Post Offices; in this case he writes on the back of the cheque the address of the person for whom he intends it.

FIGURE III.



This cheque will be sent by him to the Central Office at Vienna. There are special envelopes for the transmission of these advices which are sold by the Office to the possessors of cheque books. The Central Office will immediately transmit to the person designated an assignment of payment and the cheque will be paid to him on his returning this assignment, signed by him as a receipt. He will detach from it, in order to preserve it, a portion on which is noted the amount of the sum he has received, who the holder of the account is, the said portion bearing also the stamp of the Postal Office at Vienna.

A notice to the post office where it is payable will have been sent at the same time, giving authority to pay the cheque. (Fig. IV.)

Everyday 4,000 to 5,000 of these authorisations to pay cheques are issued. Ladies write out these authorisations by means of type-writing machines: their fingers work the machine with astounding rapidity. According to the data given me each of them prints every day 400 to 500 assignments of payment to the persons designated and authorisations to the post-offices to pay; and the hours of work averaging seven, they write about one a minute.

Thirdly. (Postanweisungen.)

The cheque can be drawn in favour of a person living in Hungary or a foreign country. It is enough that on the back is noted:—«for the issue of a post office order in favour of N ...», and that it is signed. The Central Office at Vienna will send immediately a post office order of corresponding import. The telegraphic order can even be used.

Statistics distinguish these three categories of cheques and enable us to follow their movement.

Payments effected

	By cheques payable to bearer (Cassa checks)^[J]	By cheques to particular persons paid at the Post Offices^[J]	By foreign Post Office Orders^[K]
1884	13,639,555	25,791,497	83,834
1885	78,375,622	132,053,520	777,914
1886	141,052,319	220,198,781	1,420,668
1887	178,365,871	278,559,689	1,583,098
1888	180,295,982	280,241,673	1,705,948
1889	223,060,247	303,720,753	2,008,593
1890	271,660,264	335,293,896	2,469,268
1891	318,239,728	361,727,429	2,611,044
1892	347,410,842	398,456,797	2,558,398
1893	386,027,972	437,492,243	2,590,614
1894	433,377,459	472,345,574	3,028,639
1895	463,540,198	524,212,798	3,781,586

It will be seen that in the last ten years the movement of the cheques payable to bearer has been more rapid than that of cheques paid at the post offices; the amount of the former has more than tripled.

Fourthly.

The possessors of cheque books can cause purchases to be made by the Post Office in the public funds up to the amount of their account. The order ought to be explained by the transmission of a cheque of a value corresponding to that of the stocks to be bought. The rights acquired by the Post Office will either be sent on to the purchaser of the stocks, or at his request kept by the Office and under its guarantee. The Office banks the dividend warrants on their payments and places them to the credit of its client unless he requires them to be sent to him or the money remitted.

FIGURE IV.

(1) K. k. Postsparcassen-Amt

in Wien.

(2) **Aviso**

über eine Zahlungsanweisung

N^o

ddto

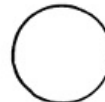
per

(3) zahlbar an

(4) bei dem aus der Aussenseite bezeichneten Postamte.

(5) Ausgezahlt :

(6) **Ohne Büchel auszuzahlen.**



Coupon
von der Partei
abzutrennen.

für Rechnung

(7) K. k. Postsparcassen-Amt

in Wien.

(8) **Zahlungs-Anweisung.**

N^o

(9) (2 Monate gültig.)

(10) Das

k. k. Postamt

(11) zahlt gegen diese Anweisung an :

(12) den Betrag von

(13) Ausgezahlt :	(14) Den obigen Betrag empfangen zu haben bestätigt :
	(15) Datum. _____

(1) Post Office Savings Bank. — (2) Advice with reference to an order for repayment. — (3) Payable to — (4) In the Post Office designated on the back. — (5) Paid. — (6) To be paid without Savings Book. — (7) Post Office Savings Bank. — (8) Order for repayment. — (9) Valid during two months. — (10) The Post Office. — (11) Pay on this order to — (12) The sum of — (13) Paid. — (14) In acknowledgement of the receipt of the above sum. — (15) Date.

D. S. Nr. 8 II (H.) ex 96.

D. S. Nr. 8 II (H.) ex 96.

The importance of these payments is not considerable as is seen by the following figures:

1884	99,942 florins.
1885	374,697 »
1886	445,338 »
1887	844,978 »
1888	887,037 »
1889	955,019 »
1890	1,274,607 »
1891	1,091,839 »
1892	1,149,872 »
1893	1,685,791 »
1894	1,697,270 »
1895	1,865,919 »

Fifthly.

The Postal Savings Bank pays in the same way on account of the adherents of the cheque and clearing service, bills, signed bonds, accounts admitted and approved. Bills of exchange are settled at the Postal Office at Vienna. In order to realize their payment, the holder of an account draws a cheque for the amount of the bill and writes on the back: *for payment of the bill herein referred to*. He indicates the date of its falling due and puts his signature below these remarks. This cheque is sent to the Postal Office at Vienna before the bill falls due. It can be addressed also to the possessor of the bill, who will present it at the date it is due to the Postal pay Office with at the same time his claim. If the possessor of the bill is himself affiliated to the cheque service he can have the bill put to the credit of his account.

The degree of importance of this branch is indicated by the following figures:

1885	406,451 florins
1886	1,522,404 »
1887	1,877,602 »
1888	3,053,419 »
1889	2,823,845 »
1890	3,436,795 »
1891	4,564,179 »
1892	6,183,954 »
1893	7,343,438 »
1894	7,917,723 »
1895	8,818,997 »

From this it will be seen that during the last five years the movement has so accelerated that the amount has in the interval nearly doubled.

Sixthly.

Here the system presents to us its highest degree of interest: the possessors of account books, adherents of the clearing service, can discharge their debts one to the other by the transfer of accounts. It is sufficient to write at the back of the cheque: to be carried to the credit of account N° ..., with the name of the holder of the account and his address. In this case the amount of the cheque is placed to the debit of the person who issued it and to the credit of the person in whose favour it is drawn.

The two holders of accounts at the Savings Bank are immediately informed of this transfer by the sending of the extract of their accounts.

The cheques which have this destination are properly speaking clearing cheques not intended to be paid in specie; but it may happen that a cheque destined for a member, adherent to the clearing service has in an exceptional case to be paid in money; the person who has issued it will in that case have to make a note at the back of the document: *Outside the clearing circulation.*

The statistics show the growing importance of *clearing cheques.*

1884	1,620,102 florins	
1885	40,271,880	»
1886	102,185,786	»
1887	150,479,085	»
1888	177,846,958	»
1889	216,683,156	»
1890	264,262,296	»
1891	310,141,924	»
1892	360,498,168	»
1893	414,342,892	»
1894	445,378,270	»
1895	482,031,950	»

It will be seen that in the last ten years, the amount has nearly quintupled. The pace of the movement is here more rapid than in cheques payable in cash.

The proportional relations of all the modes of disposing of the credit of the adherents of the cheques and *clearing* service show that in 1895 on a total of liquidations or payments of 1,484,251,488 florins, 32% were occasioned by transfers of accounts, 32% by cheques to bearer (*cassa-checks*), 35% by cheques to appointed persons, and the remainder by the other modes indicated.

The progress of the figures taken all round is as follows:

1883	213,239 florins	
1884	41,234,429	»
1885	252,260,083	»
1886	466,807,297	»
1887	611,693,909	»
1888	643,718,457	»
1889	750,898,892	»
1890	877,975,829	»
1891	998,376,144	»
1892	1,116,258,031	»
1893	1,249,482,460	»
1894	1,363,744,935	»
1895	1,484,251,448	»

All this formidable account keeping is done strictly day by day. Three hundred employés are working at it constantly. Special employés who have acquired an extraordinary ability, verify the signatures on each occasion. The type signatures are classed alphabetically. Current-accounts are drawn up on loose sheets and not in books: this is considered a real progress for books are soon in tatters. On each occasion an extract of the account is sent to the party interested: every transfer entails the sending extracts to both parties interested. Envelopes with their names and addresses printed are classified in pigeon holes so as to be easily found. I join to this explanation some extracts from typical accounts. One shows a banking made by a post office, the other a transfer made between adherents to the *clearing* system. (Fig. V.)

The centralisation of all this vast account-keeping at the Central Office of the Savings Bank at Vienna is the basis of the system, the pledge of the regularity of the service and of the certainty of the control. Notwithstanding the inevitable complexity of operations and accounts, this complexity does not entail any really prejudicial delays^[L]. The increasing figure of the operations is a proof of the growing favour of the public and is a testimony to the usefulness of the institution beyond all argument. The coefficient of error has been very slight and fraud has not been as yet able to succeed in causing trouble in the working of this admirable machinery of circulation.

The Central Office is put every day in relation with 4,000 post offices, which transmit to it packets containing the *empfang erlag schein*, the claims and all the documents which have been brought them. The unfastening of this immense correspondence is simplified by machinery. All

these documents are enclosed in large envelopes of uniform dimensions so that they can be opened by packets, in cutting off their edges by means of large knives working mechanically. (Fig. VI.)

The Postal Office of Vienna prepares annually the list of all the possessors of cheque books who are adherents to the clearing service; this list is printed and can be obtained by subscribers with the supplements published at irregular intervals for one florin a year.

FIGURE V.

(1) Nummer des Checkbüchels : (2) K. K. Postsparkassen-Amt.
805503 (3) Conto-Auszug
 (4) N^o 75 vom 14/9 1896.

(5) Nr. des Erlagscheines oder Checks	(6) Einlagestelle bzw. Zahlstelle	(7) Name des Einzahlers bzw. Empfängers	(8) Einlagen und Gutschriften		(9) Rückzahlungen		Lastschriften im Clearing-(10)verkehr		(11) Guthaben		(12) C. C.* Folio	(13) Fact.* Datum
			fl.	kr.	fl.	kr.	fl.	kr.	fl.	kr.		
		(14) Uebertrag vom 13/9							524	27		
75	Wien		20	25								
41	Iglan						76	08	468	44		
		(15) Fürtrag										

* Colonne zur eventuellen Benützung der Conto-Inhaber.

D. S. Nr. 4 b (21.) ex 96.

(1) Number of the cheque book. — (2) Post Office Savings Bank. — (3) Extract of current account. — (4) Number 75 of the 14th of September 1896. — (5) Number of the acknowledgement of payments or cheques. — (6) Receiving office (pay-office). — (7) Name of payer or of receiver of money. — (8) Deposits and entries to the credit of current account. — (9) Repayments. — (10) Debit entries in the clearing service. — (11) Balance in hand. — (12) Page. — (13) Date. — (14) Brought over from 13. 9. 96. — (15) To be carried over.

805043

(3) Conto-Auszug

(4) N^o 151 vom 13/9 1896.

(5) Nr. des Erlagscheines oder Checks	(6) Einlagestelle bzw. Zahlstelle	(7) Name des Einzahlers bzw. Empfängers	(8) Einlagen und Gutschriften		(9) Rückzahlungen		Lastschriften im Clearing-(10)verkehr		(11) Guthaben		(12) C. C.* Folio	(13) Fact.* Datum
			fl.	kr.	fl.	kr.	fl.	kr.	fl.	kr.		
		(14) Uebertrag vom 12/9							2941	95		
	Taxe de manipulation							98				
	Provision							05				
									3023	24		
69	Liesing		82	32								
		(15) Fürtrag										

* Colonne zur eventuellen Benützung der Conto-Inhaber.

D. S. Nr. 4 b (21.) ex 96.

(1) Number of the cheque book. — (2) Post Office Savings Bank. — (3) Extract of current account. — (4) N^o 151 of the 13th September 1896. — (5) Number of the acknowledgements of payments or cheques. — (6) Receiving Office (pay office). — (7) Name of payer or of receiver of money. — (8) Deposits and entries to the credit of current account. — (9) Repayments. — (10) Debit entries in the clearing service. — (11) Balance in hand. — (12) Page. — (13) Date. — (14) Brought over from 12. 9. 96. — (15) To be carried over.

FIGURE VI.

(1) Tagesrechnung der Einlagen im Checkverkehr.

(2) (Einlagen auf Empfangscheine.)

(3) Raum zum Aufkleben der Vignette.

(4) 1 Von Seiten der Sammelstelle leer zu lassen	(5) Nummer des Contos	(6) 3 Betrag der Einlage		(7) 4 Nr. des Empfangs- scheinens	(8) Name des Einzahlers (aus dem Erlagscheine)
		fl.	kr.		
(9) Gesamtbetrag der Einlagen				Anzahl der Ein- lagen (10)	(11) Unterschrift des Postbeamten :

D. S. Nr. 2 n (2.) ex 96.

(1) Daily account of deposits in the cheque service. — (2) Payments upon acknowledgement of receipt. — (3) Space for affixing the vignette. — (4) To be left blank by the receiving office. — (5) Number of current account. — (6) Amount of the payment. — (7) Number of the acknowledgement of receipt. — (8) Name of the payer according to the acknowledgement of deposit. — (9) Total sum of the payments. — (10) Number of the payments. — (11) Signature of the post office official.

(2) Belehrung für den Postbeamten.	(3) Nummer des Contos	(4) Betrag		(5) 3 Ausstellungs- tag der Zahlungs- anweisung	(6) Name des Adressaten der Zahlungsanweisung	
		fl.	kr.			
<p>1. Alle Einlagen auf Empfangscheine sind in diese Tagesrechnung einzutragen, ebenso alle Rückzahlungen, welche ohne Vorweisung eines Einlagebüchchels auf Grund der vereinigten Drucksorte Nr. 6-8 zu leisten sind.</p> <p>2. Die Eintragung hat genau dem Vordrucke entsprechend zu geschehen.</p> <p>3. Anzahl und Gesamtbetrag der Einlagen und Rückzahlungen sind nach Abschluss der Tagesrechnung in die correspondirenden Rubriken des Tagessummariums zu übertragen. Die Anzahl der zu dieser Tagesrechnung gehörigen Erlagscheine und Zahlungsanweisungen ist am Schlusse der Rechnung auszusetzen und in der Beilagenliste anzumerken.</p> <p>4. Die Tagesrechnung wird nur dann an das k. k. Postsparcassen-Amt eingesendet, wenn eine Einlage oder Rückzahlung in derselben zu verzeichnen ist. Nur am letzten eines jeden Monats ist stets eine Tagesrechnung einzusenden, ohne Rücksicht, ob eine Eintragung stattgefunden hat oder nicht.</p>						
	(7) Gesamtbetrag der Rückzahlungen			(8) Anzahl der Rück- zahlungen		

(1) Daily account of repayments in the cheque service. — (2) Instruction for the post office official : 1. In this daily account must be entered all the deposits made upon acknowledgement of receipt as well as all the repayments made without presentation of deposit-book on the ground of the united document No 6-8; 2. The entry must be absolutely conformable to the printed text; 3. The number and the total sum of the deposits and the repayments are to be entered after the closing of the daily account in the corresponding columns of the summary of the day. The number of the pay-cheques and the orders for repayment which belong to this daily account is to be set forth at the end of the account and to be noted on the supplementary list; 4. The daily account is only to be sent to the Post Office Savings Bank when their is a deposit or a repayment to be entered. Only at the end of each month this daily account must be sent whether there be an entry or not. — (5) Number of the current account. — (6) Amount. — (7) Date of issue of the order for repayment. — (8) Name of the person to whom the order for repayment is to be sent. — (9) Total sum of the repayments. — (8) Number of the repayments.

This list is the expression as it were, of a conscious agreement of wills on a more and more extended scale in a common work of reciprocity.

The all round figure which sums up for the service during 1895, the total amount of operations relating to the credit and debit of holders of accounts in the Postal Savings Bank of Vienna is 2,970,170,049 florins. It will be interesting to learn what have been the expenses which have arisen from such a vast amount of business.

The account of the financial administration of the service of cheques and *clearing* makes the administrative expenses 899,356 florins, that is three-hundredths of a florin, for every 100 florins of business^[M]. The average business done for each possessor of a cheque book is 100,000 florins, and the average charges of the service per person have been about 30 florins.

Going back ten years it is seen that when in 1886 the amount reached 944,997,612 florins, the total expense was 620,247 florins, or six-hundredths of a florin for every 100 florins of business done. The operations averaged about 90,000 florins to each holder of a cheque book and the charges 44 florins each person. The law, in accordance with which the general expenses are relatively reduced by the increase in the figure of business done, receives here a fresh verification.

Such is the summary explanation of the organisation and working of the cheque and clearing system instituted thirteen years ago at the Postal Savings Bank of Vienna.

It is based on the centralisation at Vienna of the accounts of depositors holding cheque books and on the almost absolute perfectness of the regularity and precision with which all those interested are every time fully informed of their position of the Central Bank, and, in consequence, of the

extent of the credit they have at their command. This institution implies the free adhesion under conditions fixed by law of all the depositors at the Savings Bank and the right of each to withdraw as he thinks proper. The institution therefore works on the ground of stipulated contract, but its elasticity is seen in the perpetually widening extension of its operations and its making way in every class of society and in every one of the professions.

Its realization under the international form, for we give this character to an agreement between the Savings Banks of Austria and Hungary, is only a question of time, and the new experiment will prepare the way for a new enlargement of the system.

The basis of the institution is monetary, it differs in this respect in no way from all the other modern institutions of credit and of balancing one account against the other; but the saving of money is ever on the increase. Within the monetary circulation is developed a circulation which if it remains still subordinate to the monetary circulation is not inevitably enchained to it. Our collective effort tends to break for ever this bond of subordination. The papers which will follow will be a contribution to that work.

FOOTNOTES:

- [H] The account-books of *Empfang erlagscheine* are used as instruments in this first class of operations.
 - [I] Rückzahlungen auf grund von checks, zahlbar an den überbringer bei des Cassa des Postsparcassen Amtes.
 - [J] Rückzahlungen an dritte personen durch zahlungsanweisungen des Postsparcassen Amtes.
 - [K] Auszahlung von beträgen an dritte personen mittelst postanweisungen.
 - [L] To accomplish operations in the remotest part of Dalmatia, five or six days is the maximum required.
 - [M] A kreutzer is charged for posting a sum to the credit of an adherent, but no charge is made on the debit side.
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APPENDIX

I

Law of the 28th of May 1882

with reference to the introduction of Postal Savings Banks in the kingdoms and lands represented in the Imperial Council. (R. G. Bl.^[N] N^o 56.) with the alterations made by the law of the 19th of November 1897. (R. G. Bl. N^o 133.)

With the consent of the two Houses of the Imperial Council I will to order as follow:

ARTICLE 1.

Under State administration and guarantee there will be founded at Vienna a State Savings Bank, under the control of the Minister of Commerce and belonging to the jurisdiction of the Postal Administration, with the title «Post Office Savings Bank».

The sphere of activity, the organisation and the civil service of the Post Office Savings Bank will be fixed by means of ordinances.

Post Offices in the kingdom and lands represented in the Imperial Council will be appointed by the Minister of Commerce to serve as receiving offices of the Post Office Savings Bank.

To the Post Office Savings Bank will belong the management and execution of the business assigned to it by this law; in which business it will represent before the public the administration of the State.

To give advice as well as to make proposals in the business relating to the Postal Savings Banks, a special Council will be constituted.

Regulations as to the composition of this special Council as well as the determination of its special sphere of action will follow by way of ordinance.

ARTICLE 2.

The Post Office Savings Bank will receive savings deposits paid into the Post Offices, and by the agency of the Post Offices will pay back the deposits when reclaimed.

ARTICLE 3.

All deposits in excess of the current needs of the Post Office Savings Bank are to be profitably invested.

Such profitable investments of the savings-deposits will be made by the purchase of the Austrian Consolidated Bonds bearing interest.

ARTICLE 4.

From the profit of the invested deposits is to be defrayed the interests on the deposits, as well as the whole expenses, administrative or otherwise.

As long as the profit of the funded capital of the deposits is not sufficient to pay the interest of the savings-deposits and to cover the expenses of the administration, the deficit as well as the costs of the establishment of the institution will be advanced by the State as a charge on the Postal Budget.

These advances are to be restored without interest, to the Postal Budget, out of the surplus appearing at the close of the administrative year.

The surplus remaining over after the entire liquidation of the above named advances is to be employed in the formation of a reserve fund.

ARTICLE 5^[O].

The receiving office (Post Office) in which a first deposit is made, gives to the party who makes the deposit, a deposit book, in which each amount paid in, each amount paid back and the interest added to the capital is to be entered. Each subsequent payment can be made in any receiving office (Post Office), the amount being entered in the deposit book.

That person is to be considered the depositor on whose behalf the deposit is made.

The deposit-book is to be delivered gratuitously and is stamp free.

The Post Office Savings Bank will open an account for each depositor.

ARTICLE 6^[P].

The deposit-book is issued in the name of the depositor and is to contain the notes necessary in

forming a judgement of his identity, as well as the signature of the party who makes the first deposit.

A depositor who cannot write will have to bring with him a trustworthy man, who will have to attest the identity of the depositor and to sign the deposit-book in his stead.

An assignment of a deposit-book to another person, is only to be accepted by the Post Office Savings Bank when the act of assignment has taken place at a Post Office entrusted with Post Office Savings Bank business.

This being done, the assignee is to be regarded as the proprietor of the deposit-book. (Art. 21, § 3.)

Minors are entitled to pay in sums as savings and to receive repayments back provided their legal representatives have entered no written objection at the Post Office Savings Bank.

In case of the loss of the deposit-book, a duplicate is, after carrying out the proceedings prescribed by article 14, to be issued.

Whoever causes two or more deposit-books to be issued loses the interests on the capital entered in the second and in any subsequent books.

If the whole amount of the deposits in the two or more deposit-books, that a depositor has caused to be issued, is over the sum of a 1,000 florins, the depositor loses that part of the capital which exceeds 1,000 florins.

The Minister of Commerce is empowered on well considered reasons to be indulgent with reference to the loss of capital, which, in conformity with the regulations occurs to surplus deposits.

Post Office servants are forbidden, except to their superiors, to give any information whatever to anyone, as to the names of depositors, or the amount of their deposits.

ARTICLE 7^[Q].

Each single payment must amount to at least 50 kreutzers or a multiple of 50 kreutzers.

The balance in favour of a depositor can at no time amount to more than 1,000 florins including deposits paid in and interest added to the capital.

Deposits of 50 kreutzers can be made in postage stamps, or in special postal savings stamps as soon as such stamps are issued by the Minister of Commerce. These stamps are to be fastened on forms supplied gratuitously.

ARTICLE 8^[R].

The rate of interest for savings deposits, which is never to exceed 3 per cent per annum, after having been placed before the special Council (art. 1) will be fixed by the Minister of Commerce in concert with the Ministers of the Interior and of Finances, by way of ordinances, and every alteration is to be published in the Imperial Law Pamphlets (*Reichs-Gesetz-Blatte*) in the official part of the «Vienna Gazette» (*Wiener Zeitung*) and in the various official gazettes.

The new rate of interest will begin to come into operation on the 1st and 16th of the month which follows its publication and will also apply to deposits made previously.

ARTICLE 9.

Savings deposits bear interest commencing from the 1st or the 16th day of the month following the date of their payment, and the interest ends on the 15th or last day of the month preceding the arrival of the notice of the expiration of the agreement with the Post Office Savings Bank at Vienna.

Sums under a florin are not to bear interest.

The 31st of December, each year, the interests accruing are to be added to the capital and from that time forward they also bear interest.

In the calculation of interest each month is to be regarded as 30 days.

The officially prepared table of interest is to be publicly posted up in the receiving offices (post offices).

ARTICLE 10.

Any amount exceeding 1,000 florins to the credit of a savings deposit is not to bear interest.

ARTICLE 11.

The Post Office Savings Bank is obliged as soon as the deposits and capitalized interest of a depositor surpasses the figure of 1,000 florins, by a registered letter, to require the depositor to lessen his capital.

If during the month following the depositor has not lessened the balance to his credit, then at the expiration of the period, bonds of the state debt bearing interest in notes will in the course of the day be officially bought to the nominal amount of 200 florins, and the depositor is to be informed of the fact.

From the time of the sending out of the notice until the reduction is effected in the balance to the credit of a depositor no interest will accrue.

In case the depositor on whose account the bonds were bought, does not withdraw the documents, the Post Office Savings Bank will receive the interest falling in on the bonds under its care and will enter these interests in the books of the institutions as a new deposit in favour of the depositor.

For the State funds belonging to a depositor lying at the Post Office Savings Bank a book is to be issued.

ARTICLE 12.

At the request of a depositor and that the balance in his favour is sufficient, it can be employed in the purchase of Austrian State Funds.

ARTICLE 13^[S].

The payment back of the balance in favour of a depositor or any part of it to him or to his legal heir or authorised agent, will take place upon a notice which can be made by the party giving it, at the receiving office (Post Office) which he names in the notice.

The payment back is to be made through the receiving office (Post Office) named in the notice, on production of the deposit-book, on the basis of an assignment by the Post Office Savings Bank, except the payment is according to Article 14 barred by legal proceedings having been instituted, or according to Articles 6 and 17, by a protest having been made.

When such notice has been given with reference to sums up to 10 florins, the assignment will be sent by the Post Office Savings Bank by return of post and the payment back will be made by the receiving office (Post Office) immediately after its arrival.

The repayment of sums between 10 and 100 florins will be made in a fortnight at the latest, that of sums between 100 and 500 florins in a month at the latest, that of sums above 500 florins, at the latest within two months after the arrival of the notice.

The Administration is however authorised, with power of countermand and under necessary precautions to permit sums up to 20 florins of which notice has been given to be immediately paid at one of the authorised receiving offices without waiting for the arrival of the foregoing assignment from the Post Office Savings Bank.

ARTICLE 14.

If a deposit-book proves to be lost the following proceedings occur:

The owner has, in order to obtain a duplicate to give immediate notice of the loss, either directly to the Post Office Savings Bank, or to the nearest receiving office (Post Office) with as exact an account as possible of its characteristic marks.

The Post Office Savings Bank immediately orders a note of the characteristic marks to be entered in its books with the result that meanwhile no payment is made to anyone on the lost deposit-book.

At the same time the Post Office Savings Bank causes a public placard to be put up at the Post Office where the lost book was issued, and also in that to which perhaps it might be forwarded, by which all persons are informed that at the expiration of a month from the date of its publication, if no claim to the lost book is made in the interval, it will be cancelled and declared null and void, and a new one issued.

If within the month no claim is made, the Post Office Savings Bank will on payment of a fee of 10 kreutzers Austrian currency, issue a duplicate and declare the deposit-book proved lost, to be null and void.

If a claim is made during the course of a month, the Post Office Savings Bank must refer the parties to the ordinary tribunals, and no duplicate is to be issued nor any proceedings permitted with reference to the lost book until the validity of the outstanding claim has been decided by a legal judgement.

ARTICLE 15.

The statement of paragraph 1480 of the General Civil Code, by which claims to arrears of interests are lost after three years, has no application to interests of depositors in the Post Office Savings Bank.

In relation to the lapse of Post Office Savings Bank deposits the ordinary legal decisions will be relied upon. Lapsed deposits fall into the postal treasury. Such a lapsing of deposits will be stopped by every new payment, every notice for payment back, every entry of interest in the

deposit book.

ARTICLE 16.

State bonds bought officially, or at the request of depositors, and kept at the Post Office Savings Bank fall into the postal treasury, if, during a lapse of 40 years, no one has laid claim either to the deposit or to the interest, and the depositor has not forwarded to the Post Office Savings Bank any order whatever with reference to them.

ARTICLE 17.

Neither savings deposited at the Post Office Savings Bank, nor the Post Office Savings Bank deposit-books can be sequestered, and in like manner they cannot be used as security. Nor can a deposit-book be seized or taken in distraint.

These restrictions have no application to the books mentioned in Articles 11 and 12, as issued for the state bonds bought for a depositor.

If a depositor declares himself insolvent, the Official Receiver is empowered to give notice to the Post Office Savings Bank to pay him the balance in favour of the depositor, and thereon to give a receipt.

A protest against the payment back of a savings deposit can only be considered in case a lawsuit has been entered into with reference to the right of property in a deposit-book, or on the hypothesis which Article 6 meets.

ARTICLE 18.

The reserve fund which is primarily intended to cover every possible loss which may occur to the Post Office Savings Bank is to be formed by the laying aside of the surpluses which remain at the close of the administrative years from the produce of the savings-money deposited, after deduction for interest paid, administrative and other expenses, and after restitution of the advances made from the postal budget.

The reserve fund is to be gradually stored up until it reaches 5 per cent of the total amount of the deposits, but it must never go beyond the point of two million Austrian florins.

ARTICLE 19.

The reserve fund capital is to be placed at interest and whatever it brings in is to be added to the reserve fund so long as this last has not reached the maximum fixed.

When the reserve fund has reached the above mentioned point, all the business profits will be entered to the credit of the Postal Revenue.

ARTICLE 20.

The Post Office Savings Bank is to render a formal account of the administration of the savings-money paid in at the receiving offices (Post offices), and the duty of the control lies with the supreme audit-office.

At the end of each solar year the Minister of Commerce will communicate to both Houses of the Imperial Council, a detailed business statement with reference to the administration, working and position of the Post Office Savings Bank and will publish the same in the official part of the «Vienna Gazette».

The Post Office Savings Bank will periodically make known the actual position of the institution in the «Vienna Gazette».

ARTICLE 21.

The correspondence of the Post Office Savings Bank and its organs with the depositors is post free.

The revenue of the Post Office Savings Bank is exempt from duty.

In the business of the Post Office Savings Bank all legal documents passing between the Bank, the authorities or the organs of the Bank and the depositors, their legal heirs or authorised agents, are free from stamp duty and taxes. In like manner the interest of savings-deposits is exempt from the Income-tax and from any tax which may replace it in time to come.

ARTICLE 22.

The exact time when the Post Office Savings Bank in Vienna, as well as the receiving offices will commence their work will be fixed by the Minister of Commerce.

ARTICLE 23.

The carrying out of this law is entrusted to the Minister of Commerce.

II Law of November 19th 1897

containing alterations in the Law of May 28th 1882 (R. G. Bl. N^o 56) and decisions with regard to the Orders' (Cheque and Clearing) Service of the Post Office Savings Bank (R. G. Bl. N^o 133).

With the consent of the two Houses of the Imperial Council I ordain as follows:

§ 1.

The arrangements of the Law of May 28th 1882, contained in the Articles 5, 6, 7, 8 and 13 (R. G. Bl. N^o 56) will no longer be in force.

In their stead will come the following arrangements, indicated in the articles bearing the same numbers.

(The articles altered: 5, 6, 7, 8 and 13, are with their new text given in Appendix I, containing the Law of May 28th 1882.)

§ 2.

To the existing Orders' (Cheque and Clearing) Service of the Post Office Savings Bank the modifications in the Law of May 28th 1882 (R. G. Bl. N^o 56) as well as the alterations referred to in § 1 of the present Law, have no application.

An exception, however, occurs with reference to articles 1, 20 and 21 of the above mentioned Law which are to be applied to the aforesaid service conformably to their sense.

In addition to which the Government is authorized to regulate this service by way of ordinances.

Apart from such regulations the service is to proceed according to the following determinations.

§ 3.

The administration and keeping of the accounts of the Orders' (Cheque and Clearing) Service at the Post Office Savings Bank are to be carried on separately from those of the Savings' service.

Participation in the Cheque service with or without inclusion in the Clearing service is to be granted by the Post Office Savings Bank on paying in a guarantee deposit.

The Post Office Savings Bank will open an account for each participant.

§ 4.

The guarantee deposit remains in the Post Office Savings Bank as long as the holder of the account continues a participant in the Cheque service and contingently also in the Clearing service.

In case a holder of an account on the one side, or the Post Office Savings Bank on the other, wishes to give notice to withdraw, which either can do at any time, the guarantee-deposit will, within a fortnight at latest after receiving the notice, be repaid.

To the Post Office Savings belongs also the right by giving notice of the repayment of the guarantee-deposit to cause the immediate withdrawal of a participant and it has also the right to decline, without giving any reason a request to participate in the Cheque and Clearing service.

§ 5.

The amount of the guarantee-deposit, which is on every occasion to be paid in specie, will be always fixed by way of ordinance.

This fixing can be arranged in such a way, that in the event of the whole transactions exceeding an agreed maximum sum the guarantee deposit is to be increased.

§ 6.

The rate of interest for deposits in the Orders' (Cheque and Clearing) service cannot rise higher than two per cent per annum.

The Government is empowered within this maximum point to fix the rate of interest for deposits.

The Government can also ordain that the abovementioned deposits, especially the guarantee deposits shall either bear no interest at all or only partially do so.

§ 7.

Of the money paid into the Orders' (Cheque and Clearing) Service of the Post Office Savings Bank there will always be kept in hand a portion in specie adequate to meet probable needs.

The surplus remaining is to be placed out at interest in such a way as always to assure the complete fulfilment of the engagements entered into.

The placing out can be made:

1. By acquiring partially mortgaged bills of exchange (salt mine, treasury bonds).
2. By opening at a banking establishment a running account at short dates of payment (a deposit running account).
3. By advances on security of bonds of the United National Debt and of the National Debt of the kingdoms and lands represented in the Imperial Council, also those Austrian bills upon which loans are permitted by the statutes of the Austro-Hungarian Bank, finally upon stock and other securities in the Austro-Hungarian Bank. (Advances with the exception of accounts booked.)
4. By discounting coupons of the funds pointed out in N^o 3, also in prize-tickets in the Austrian State Lottery, also of other funds indicated in N^o 3, repayable by draft, last on discharge certificates of Customs duties.
5. By discounting Bills of Exchange to be cashed at a Bank, a Savings Bank, or else at a Deposit or Credit Company, registered according to the Law of April 9th 1873 (Z. 70 R. G. Bl.).
6. By purchase of bonds of the National Debt, deeds of mortgage or bonds having priority rights, in so far as such stocks are, in conformity with N^o 3, capable of being taken in deposit.

The duration of the loans described in N^o 3, as well as the paper to be discounted, described in N^o 4, and the bills of Exchange within the kingdoms and lands represented in the Imperial Council as described in N^o 5, is limited to three months.

In selecting what to take in deposit, or what to buy, in fixing the extent of the sum to be lent out, as well as the choice of the institutions with which it is to enter into business relations, the Post Office Savings Bank is to seek direction from the Ministry of Finance.

§ 8.

The Orders (Cheques) issued in the Orders' (Cheque and Clearing) Service are subject to no other tax than that fixed by the Law of February 29th 1864, § 7 (R. G. Bl. N^o 20) of 2 kreutzers a piece.

The declarations which, in conformity with the regulations of the Orders Service are added to the order (cheque) by the Drawer, especially such as the declaration by which a third person is designated as Receiver of the sums assigned, or by which commissions are given for the issuing of post-office orders or the retiring of bills, etc.; also the authorisations for the Post Office Savings Bank and the receipt-vouchers, reciprocally given by the Post Office Savings Bank Office and participants, are free from stamp duty and taxation.

In like manner the extracts forwarded to parties from their accounts are free from stamp duty and taxation.

In respect of sums received in current account by the Post Office Savings Bank, the payment of the percentage tax fixed by the Law of February 29th 1864, § 7, paragraph 2 (R. G. Bl. N^o 20) does not operate.

§ 9.

For the use of the Orders' (Cheque and Clearing) Service the Post Office is to impose special fees.

In addition to the already existing fees and repayment of the cost price of printed matter supplied to parties interested, the Government is empowered to impose to the amount stated below the following fees:

1. A record-fee of 2 kreutzers for each official act with reference to the account (Deposit, Assignment, Entry to credit or debit).
2. A commission up to the maximum of $\frac{1}{4}$ the thousand on the paying out side of the account (Entering to the debit). These fees are to be taken by the Post Office Savings Bank deducting them from the account.

§ 10.

For the Orders' (Cheque and Clearing) Service, a special Reserve fund is to be formed, which is primarily intended to cover possible losses which may result from the service.

This Reserve fund is to be formed from what remains of the surpluses at the close of the administrative year after deduction resulting from the possible deficit in the Savings Service.

This allotment of the surpluses is to continue as long as the Reserve fund designated has not reached the point of 5 per cent of what remains of the deposit capital in the Orders' (Cheque and

Clearing) Service, at the close of the year, after deduction of the payments back.

The money of the Reserve fund formed for the Orders' (Cheque and Clearing) Service is to be placed out at interest under the restrictions of § 7 as to the nature of such arrangements, and the produce accruing from time to time, is to be added to the Reserve until it has reached the abovementioned point.

The Reserve fund having reached this point, the whole of the profits on the business done in the Orders' (Cheque and Clearing) Service will accrue as receipts to the Postal Revenue.

To what remains the determinations of Article 4 of the Law of May 28th 1882 (R. G. Bl. N^o 56) understood in conformity with their sense will apply.

§ 11.

The determinations of §§ 2 to 10 of the present Law apply from the time it comes into operation, also to deposits paid in before that time to the Orders' (Cheque and Clearing) Service of the Post Office Savings Bank.

§ 12.

With the execution of this Law which comes into operation from the date of its publication, together with the partially altered Law of May 28th 1882 (R. G. Bl. N^o 56) My Minister of Commerce and My Minister of Finance are charged.

III

Ordinance of the Ministry of Commerce

in agreement with the Ministry of the Interior and with the Finance Ministry, November 22nd 1887, by which on the basis of the Law of November 19th 1887 (R. G. Bl. N^o 133) Regulations with reference to the Orders' (Cheque and Clearing) Service in the Post Office Savings Bank are issued.

In carrying out the Law of November 19th 1887 (R. G. Bl. N^o 133) by which alterations were made in the Law of May 28th 1882 (R. G. Bl. N^o 56), and determinations with regard to the Orders' (Cheque and Clearing) Service in the Post Office Savings Bank, the Ministry of Commerce in agreement with the Ministry of the Interior and the Finance Ministry ordains as follows:

A.—Savings Service.

§ 1.

The highest point of the rate of interest, according to the determination of the Special Council of the Post Office Savings Bank, is to be fixed at *three* per cent per annum.

§ 2.

Whoever pays the first deposit in favour of another—of the Depositor and signs the deposit-book in this name, is to be called the Payer.

The Depositor is at any time entitled without the intervention of the Payer to appear at a Receiving Office and to have his own signature accepted.

As long as the Depositor has not exercised this right, the Post Office Savings Bank will consider the Payer as authorised in the name of the Depositor to dispose of the balance in his favour, unless the Post Office Savings Bank has been made aware that it is against the depositor's will.

§ 3.

Until further notice Repayments may be made of sums up to 20 florins, immediately upon notice of recall, by duly authorised Receiving Offices, without previous assignment from the Post Office Savings Bank.

§ 4.

Business regulations which have been made by the Post Office Savings Bank not in present agreement with the arrangements of articles 5, 6, 7, 8 and 13 of the Law of November 19th 1887 (R. G. Bl. N^o 133) in relation with §§ 2 and 3 of the present Ordinance are out of force.

B.—Orders' (Cheque and Clearing) Service.

§ 5.

In carrying out § 2 of the Law of November 19th 1887 (R. G. Bl. N^o 133), the Orders' (Cheque and Clearing) Service of the Post Office Savings Bank is to be regulated by the rules existing with reference to them in the Post Office Savings Bank applied in such a manner as the alterations of the aforesaid Law as well as the following determinations render necessary.

§ 6.

The Post Office Savings Bank will keep separate the accounts and administration of the Orders' (Cheque and Clearing) Service from those of the Savings Service.

Participation in the Orders' (Cheque and Clearing) Service is also to be allowed to persons who are not depositors in the Savings Service. It will be granted on payment of a Guarantee-deposit, and of course if the participant wishes he can enter the Clearing as well as the Cheque Service.

In order to obtain permission to be a participant in the Orders' Service the person wishing to enter has to ask for an account to be opened and to pay in the Guarantee-deposit.

This request is to be made on one of the forms issued by the Post Office Savings Bank, which are to be delivered gratuitously at all post-offices and to be forwarded to Vienna post paid under an enclosure containing the sum for the desired Cheque and Receipt books.

To the Post Office Savings Bank belongs the right to refuse a request for admission as participant in the Orders' (Cheque and Clearing) Service without giving reasons (§ 4 of the Law).

The Guarantee-deposit is to be paid within a month at any Receiving Office after the grant of the said request by using a Receipt (Pay) certificate.

The Post Office Savings Bank opens an account for each participant. Deposit-books are no longer to be used in the Orders' (Cheque and Clearing) Service.

§ 7.

The amount of the Guarantee-deposit will until further notice be fixed at 100 florins.

The Guarantee-deposit will remain at the Post Office Savings Bank as long as the holder of an account continues a participant in the Orders' (Cheque and Clearing) Service. During participation in the Orders' (Cheque and Clearing) Service, the Guarantee-deposit cannot be disposed of and in case the participant should withdraw from the Service it can only be paid back upon 15 days notice (§ 4 of the Law).

§ 8.

The deposits in the Orders' (Cheque and Clearing) Service, including the Guarantee-deposit, will until further notice bear interest at 2 per cent per annum. The interest begins from the 1st or from the 16th of the month following the booking of the deposit, and terminates at the expiration of the 15th or from the last day of the month which precedes the writing off from the account of the sum assigned for payment.

Sums under one florin will not bear interest.

On the 31st of December in every year the interest accruing will be added to the capital and will in like manner bear interest.

In reckoning the interest every month will be regarded as thirty days.

§ 9.

The Post Office Savings Bank has always the right to give notice to a participant to withdraw his Guarantee-deposit, with the result that from the day the participant receives the notice he can no longer dispose of the balance to his credit by way of cheques (§ 4 of the Law).

§ 10.

For making use of the Orders' (Cheque and Clearing) Service, besides the fees at present existing—under which are included the fee of 2 kreutzers the cheque, already fixed by § 8 of the Law of November 19th 1887, and according to rule the equivalent of the cost price of the various printed documents furnished to participants in the service,—the under mentioned fees will be taken:

1. A record-fee of 2 kreutzers for each official act with reference to the account (Deposit, Assignment, Entering to Credit or Debit);
2. A commission on each entry to the debit up to the sum of 3,000 florins at the rate of $\frac{1}{4}$ the thousand, and $\frac{1}{8}$ the thousand for sums exceeding that amount.

These fees will be taken by writing them off the account.

From the commission, however, are free:

- a) The Debit Entries in the Clearing Service;
- b) Sums sent by means of Post Office Orders through the Post Office Savings Bank;

c) Sums written off in the Cheque Service on account of a purchase of State-bonds made for a participant, finally;

d) Every entry of fees, commissions, etc. in favour of the Post Office Savings Bank.

§ 11.

The Post Office Savings Bank will keep for three years the accounts, documents and writings in the Orders' (Cheque and Clearing) Service relating to business concluded; it can only therefore give consideration to claims with reference to payments in, assignments, payments back, interest and fees, etc., when they come within this period.

To claims which refer to a Post Office missive (Paying in Order, Post Office Order, Registered Letter and the like) the Post Office regulations as to the time in which such claims can be made will apply.

§ 12.

The foregoing regulations §§ 5 to 11 apply from the time this ordinance comes into operation, and will also apply from the same time to all deposits already made in the Orders' (Cheque and Clearing) Service, (§ 11 of the Law).

§ 13.

The Officials of the Post Office Savings Bank and of the Receiving Offices are bound by duty to keep the business and official secrets, and not to give to any third person, except their superiors, any kind of information whatever with reference to the name of a depositor, to the sums paid in or paid back, or to the amount of the balance in hand.

FINAL REGULATIONS

§ 14.

The Receiving Offices of the Post Office Savings Bank will receive at the End of each calendar year an indemnity for business done in the Post Office Savings Bank Service.

This indemnity amounts to:

a) Two kreutzers at the close of each year for every deposit-book issued at the Receiving Office in question during the year and then existing.

b) One and a quarter kreutzer for every payment during the year effected at the Receiving Office in question, into the Savings Service and into the Orders' (Cheque and Clearing) Service.

§ 15.

This Ordinance will come into force at the same time as the Law of November 19th 1887 (R. G. Bl. N^o 133).

IV

Instruction concerning the Savings Service of the Post Office Savings Bank.

1.—Receiving Offices.

All post offices in the kingdoms and lands represented in the Imperial Council are appointed to be Receiving Offices of the Post Office Savings Bank, and have daily during the prescribed hours to carry out the Post Office Savings Bank Service. They receive deposits, effect payments back, give information about all branches of the Post Office Savings Bank Service, and in connection with this Institution, aid the depositors in every way.

2.—Depositors and Payers.

Any one can become a Depositor in the Post Office Savings Bank and obtain a deposit-book, or cause another person to obtain one, upon making, in conformity with the regulations, a payment at a Receiving Office, of a given sum within the prescribed limits.

Societies, Unions, Cooperative Associations and persons having a legal position are competent depositors in the Post Office Savings Bank.

The person in whose name the book has been issued is to be regarded as the Depositor.

No Depositor is permitted to obtain, or cause to be obtained on his behalf, more than one deposit-book issued in his name; on the other hand every one is free, beyond their own deposit-books, to obtain for other, wholly distinct persons, deposit-books and to pay in deposits on their behalf.

Whoever in favour of another,—the depositor,—pays in the first payment and signs the deposit-

book in his name is called the Payer.

Any one can be a Depositor who can read and write. Minors no more than persons having a legal position are debarred from being depositors.

The Post Office Savings Bank regards the Payer as empowered in the name of the Depositor to dispose of the balance to his credit as long as the latter has not informed the Post Office Savings Bank that it is against his will.

This can be done by the Depositor signing his own name in the deposit-book at a post office.

The admission of the signature can take place:

- a) In the presence of and with the consent of the Payer;
- b) Without the intervention of the Payer.

In the first case the Payer confirms the authenticity of the signature, in the second case the Depositor has to establish his own personal identity.

3.— The Deposits.

The smallest deposit is 50 kreutzers, larger deposits must be a multiple of that sum.

In order to render possible the saving of smaller sums than 50 kreutzers, Post Office Savings Cards have been issued.

Post Office Savings Cards are cards imprinted with a postage stamp of 5 kreutzers, and having the necessary room to fasten on further stamps; these cards are sold at all Post Offices, and by all postage stamp vendors on payment of the value of the imprinted stamp. Such a Post Office Savings Card with stamps fastened on to the value of 50 kreutzers will be accepted at the Receiving Offices of the Post Office Savings Bank as a deposit.

One and the same depositor can only be permitted to bring for deposit three Post Office Savings Cards during one week, either singly or at the same time.

The balance of a depositor in paid up deposits and capitalised interests is not permitted to amount at any time to more than 1,000 florins.

The Depositor must with the first deposit inscribe his signature in the place appointed on the third page of the deposit-book and must further give an account of his calling or occupation, the place, day, month, year of his birth, as well as the place where he lives and his address. He must moreover sign with his own hand the so-called «*Gegenschein*» (Counter-certificate) to be found in the deposit book. And he himself choose a given private «*Watchword*» (*Losungswort*) and inscribe it in the appointed place in the counter-certificate.

The result of this will be that payments back in the customary way can only follow on giving this watchword.

A person who cannot write is obliged to bring with him a witness who authenticates the depositors mark by his own signature. To those known personally to the Post Office official, or, who identify themselves by means of a certificate of domicile, a passport or a work-or service book, the Post Office official can himself become the witness.

In the case of Societies, Unions, Cooperative Associations and persons having a legal position either the bringer of the first deposit can give his signature and be then regarded as the Payer, or no signature will be received. In the latter case nothing can be done with reference to the deposits until the Payer by means of an official document, N^o 14, signifies to the Post Office Savings Bank who will be authorised to give notices of withdrawals and to collect payments.

Subsequent payments can be effected on each book at any office without further notice and without its being necessary for the person to come personally.

Every deposit must be at once entered in the deposit-book by the Post Office official and this entry is to be certified by the imprint of the Receiving Offices stamp of the day and the signature of the Post Office official. The Depositor (Payer) is bound before leaving the office to examine the entries sufficiently so as to see that they are correct.

Deposits are also received from Rural Agents to the limit of 300 florins for each deposit-book and for each commission bought. Deposits up to 5 florins pay no fee. For deposits of more than 5 florins a receiving-fee of 5 kreutzers is charged.

The Post Office Savings Bank receives from Depositors, Coupons of Austrian Bond falling due and enters the proceeds in the deposit-book and to the depositors account.

To this end the coupons together with the deposit-book are either to be given in at the Bank of the Office, or forwarded post-paid to the Post Office Savings Bank at Vienna.

Each single coupon given in or forwarded must have legibly written on the back, the number of the deposit-book and the depositor's name, if not, a list of the sorts and numbers of the coupons as well as the number of the deposit-book will have to be given.

For receiving the coupons the Post Office Savings Bank charges a commission of 1 kreutzer the coupon, which will be deducted from what it produces.

The sending-back of the deposit-book will be post free.

It is moreover allowable when a depositor has to receive at a post office not dependent on the

Treasury a sum by order,—whether it be an ordinary post office order, or a repayment—or transfer post-office order, or finally by a pay-order in the cheque service of the Post Office Savings Bank, not to pay the same in cash, but have it immediately entered in the deposit-book.

4.—Acknowledgments of Receipts.

Beyond the entry which the Post Office Service makes in the deposit-book, the depositors receive, and so, relatively, payers, upon each deposit an acknowledgment of receipt from the Post Office Savings Bank at Vienna, forwarded every time to their address or to *poste restante* as they desire. Should this acknowledgment of receipt not have reached a depositor within 14 days, or should it contain some errors with reference to the sum or name or in some other way be erroneous, the depositor has to find in his deposit-book, «Complaint», and to separate the paper, fill it in conformity with the case, and to forward it in an envelope, N^o 42^o, which he will receive gratis at any post office.

Other blank forms of complaint are gratuitously supplied at every post-office.

For entries of interest and coupon the Post Office Savings Bank does not give receipts.

5.—Replacement of Lost, Spoiled or Filled in Deposit-books.

Should a deposit-book be lost, the loser must notify the fact to the Post Office Savings Bank at Vienna, on a printed form, supplied gratuitously at every Receiving Office, stating the peculiar marks of the lost book as exactly as he can possibly remember them, also the particular circumstances under which the loss took place, as well as his full address, enclosing at the same time 10 kreutzers in postage stamps and the notice of withdrawal book, requesting that a duplicate of the deposit-book lost may be given him. Should the notice-book be also mislaid, this is to be notified on the printed form and the sum of five kreutzers added for a new notice-book.

The Post Office Savings Bank notes down the loss and until further notice makes no payment on the lost deposit-book.

Meanwhile arrangements will be made for its annulment and if during the space of a month no claim is raised, a duplicate book will be issued and forwarded.

If no room can be found in a deposit-book for further entries, or it has become torn or so dirty as to become useless, the depositor has to send it with the printed form, N^o 11, properly filled up to Post Office Savings Bank at Vienna for exchange. Books filled up will be exchanged gratuitously, for a spoilt book, however, the sum of 10 kreutzers is to be added to the request. In case the notice book is also spoilt, the sum of 5 kreutzers is to be added for issuing a new one.

6.—Interest.

Deposits begin to yield interest at three per cent per annum from one florin upwards.

Interest begins from the 1st or from the 16th day of the month which follows on the deposit and ends with the 15th or with the last day of the month which precedes the arrival of the notice of withdrawal from the Post Office Savings Bank.

On December 31st of each year the interest accruing will be added to the capital and from that time it will, in like manner bear interest.

To each depositor, the Post Office Savings Bank sends at the close of the year an interest-order, valid for two months with an announcement of the amount of interest which has accrued to him for the year ending December 31st. The depositor must cause the amount of this interest to be entered in his deposit-book within the prescribed two months, on presentation of the interest order at some Receiving Office.

If a depositor has not within the time allowed caused the entry of the capitalised interest to be effected as per order received, he does not lose the interest, only he has to forward his book to the Post Office Savings Bank for the purpose of having it entered there.

The determination of § 1480 of the general Civil Code according to which claims on arrears of interest lapse after three years, do not apply to the interest on deposits in the Post Office Savings Bank.

With reference to the lapsing of Post Office Savings Bank deposits the general legal decisions are valid.

This lapsing will be arrested by any fresh deposit, by any fresh notice or by any fresh entry of interest in the deposit-book.

7.—Notice of Withdrawal.

A depositor or the legal successors or authorised agents of a depositor are entitled at any time to require through the prescribed notice the payment back of any part of the deposit or the whole deposit. Sums less than a florin can, however, only be recalled if the deposit-book proves that the total amount deposited does not exceed the amount recalled. Notice of withdrawal is given on a special document, that is on a leaf out of the notice-book which the depositor receives

gratuitously at the same time as the deposit-book. These leaves are to be detached according to the order determined by the numbers printed on them, to be duly filled up and forwarded undercover (document N^o 42^b) to the Post Office Savings Bank.

For the Notice of Withdrawal the following rules are to be regarded:

1. The Notices must always bear the signature which according to instructions was received in the deposit-book, or communicated to the Post Office Savings Bank on document N^o 14.
2. The address to which the order should be sent must, where *poste restante* is stated, in every case give the receiver's full name. Addresses in figures cannot be used, because they are not allowed on registered letters, and the orders for payment are always sent for the greater security of the depositor by registered letter.
3. The watchword chosen by the depositor must be added to the Notice.

If the Depositor has forgotten his watchword he can at any Receiving Office desire the issuing of a request to make it known to him anew. To obtain this favour he must present his deposit-book to the Post Office officials and prove himself the Depositor (Payer). In case he is not personally known to the officials, he must bring some witness who is known to them, or a document capable of giving this proof (passport, certificate of being naturalised, Work-or Service-book).

4. If the Depositor cannot write he must add his mark to the notice-form and this mark must be attested by a witness.

Should the witness be the same one who attested the Depositor's signature on the Counter-cheque and in the Deposit-book, the Notice with the mark of the Depositor and the signature of such a witness can be sent without further delay to the Post Office Savings Bank.

But should the signature of this person be no longer adducible, the Depositor has himself to go to a Receiving Office and establish his own identity.

In the case of depositors who cannot write but have a watchword, its declaration and the attestation of the mark by any witness is enough.

The right is reserved to give Notice to withdraw the balance to the Depositor's credit and to give a receipt for the same to the Official Assignee, should the depositor fail,—to the Guardian appointed by the authorities, should the depositor become incapable of managing his affairs,—to the executor of the estate with relation to the person to whom the right of inheritance to the deposit-book belongs should the depositor die. The persons designated, are required to address their memorials direct to the Post Office Savings Bank, sustained by the documents necessary to form a judgement of the case together with the deposit-and notice-books. The deposits of a deceased Depositor are to be withdrawn in full by notice from the person who has the right of inheritance.

If a Notice-book has been used up, or in any way has become useless, or a depositor has lost his notice-book, he can on form N^o 5^d which will be supplied at all post offices gratuitously, request the Post Office Savings Bank to forward him a new Notice-book.

In the case of Notice-book lost or spoilt the sum of five kreutzers must be added in postage-stamps; in that of an ordinary used up Notice-book, a new one will be substituted gratuitously.

8.—Repayment.

Consequent on the Notice of withdrawal the Post Office Savings Bank sends to the Depositor, to the address he has named Payment-order valid for two months.

The order is sent as a rule by return of post, but in any case soon enough for the repayment to take place within the limit named by the Law of May 22nd 1882:—upon notice of sums between 10 and 100 florins within 15 days, upon notice of sums between 100 and 500 florins at the latest within a month, and finally, upon notice of sums over 500 florins, at the latest within two months of the arrival of the notice at the Post Office Savings Bank.

On delivery of this order, *the Depositor, in the presence of the Post Office Official, putting his signature in receipt to the Payment Order*, and on producing the deposit-book, in which the sum paid back will be entered by the Post Office official and deducted from the sum total of the balance, the repayment to the depositor will follow at the pay-counter.

The Depositor can authorise any person he pleases to receive payment of a sum thus withdrawn by notice. If he possesses a watchword he needs only to duly fill in the form, N^o 15 (authorisation) and to give or send it by the person authorised with the deposit-book and the payment-order. On this person presenting the authorisation and signing the payment-order, and at the same time presenting the deposit book, the sum will be paid.

But the Depositor can in like manner also request in the Notice that the payment-order be sent to the person he has authorised to receive it and whose address he has given. Then the Depositor sends the deposit-book together with the authorisation to the person he thus authorises to receive the payment. But for payment of the sum the person thus authorised must, if not personally known to the post office officials, produce a document for his identification or establish his identity by bringing with him a witness.

For authorisation without the watchword, the legalisation of the signature of the withdrawer, either in a law court or by a notary is requisite.

9.—Repayments without delay.

But also without having to send a previous notice to the Post Office Savings Bank, a Depositor (Payer) can at once at any post office obtain repayments of sums from 1 to 20 florins.

Repayments can be made without delay on producing the notice drawn out according to the regulations together with the last acknowledgment of receipt or abstract of the credit account with at the same time an entry of the sum in the deposit-book.

Repayments made without delay are not allowed on authorisations, also the whole balance of the depositor's account cannot thus be withdrawn, but a sum of at least 50 kreutzers must remain in the book. This sum as well as the interest can then in the usual way be withdrawn by notice.

After each repayment made without delay, the depositor receives a statement from the Post Office Savings Bank with reference to his remaining balance (Statement of Credit-account), on the ground of which he can again obtain a repayment without delay.

Repayments without delay cannot be made with reference to annulled deposit-books, or, with reference to deposit-books concerning which a protest, recognised by the Post Office Savings Bank has been made.

The Post Office Savings Bank sends out no acknowledgements of receipt upon entering and carrying to the depositor's credit, interest and coupons,—the last receipt or statement of balance of account is therefore valid for a repayment made without delay; but the sum to be repaid must not include the credited interests or coupons.

After repayments in the usual manner or after such payments as the Post Office Savings Bank at Vienna itself makes as well as after other debit entries in the deposit-book, as for example purchases in the stocks, no statement with reference to the remaining balance is given, the acknowledgment of the receipt of the last deposit remains therefore in like manner valid until the next repayment made without delay.

In the same way a statement with reference to the remaining balance retains its validity without regard to these repayments or debit entries, until in its place comes another acknowledgment of receipt in consequence of a new deposit, or a new statement with reference to the balance of the account in consequence of a new payment made without delay.

It is evident of itself that a higher sum than the balance remaining at the depositor's disposal after deduction of the last repayment and entered in the book cannot at any time be paid.

Should it happen that owing to the Post Office Service the acknowledgment of the receipt of the last deposit has not come into the depositor's hands, the previous receipt-acknowledgment, or statement of balance will be considered valid; the last deposit, not yet confirmed cannot however be included in the payment requested.

If after a payment made without delay there remains less than 1 fl. 50 kr. to the credit of the depositor, the Post Office Savings Bank will issue no statement of the balance of the account, since in such a case there can be no further payment made without delay until there has been a new deposit paid in followed by an acknowledgment of receipt.

At the bank of the Post Office Savings Bank at Vienna repayments can be made without delay every day from 8 o'clock in the morning until 6 o'clock in the evening (on Sundays and holidays from 9 until 12 at noon) without regard to the amount of the sums required.

To this end it is necessary to present at the Cashier's sliding window the Notice-paper filled in and signed by the person empowered to do this together with the deposit-book; bringing the last receipt acknowledgment or statement of balance is not requisite.

For sums above 20 florins, the depositor, in case he has no watchword must prove his own identity.

10.—Business in the Public Funds.

When the Savings account of a depositor's exceeds 1,000 florins, the Post Office Savings Bank is obliged to request the depositor by a registered letter to lessen the amount of his saved up capital.

If within a month after the request the depositor has not lessened the amount of his capital, there will at the expiration of the time, be bought on his account in the course of the day, bonds of the only stock issued in notes, to the amount of the sum required to reduce the account to 1,000 florins, in any case for the nominal sum at least of 200 florins.

The price of this purchase will be entered to the debit of the depositor's account as repayment; the bonds bought will remain under the care of the Post Office Savings Bank and a Stocks-book will be forwarded to the depositor.

A Depositor (Payer) who has in the Post Office Savings Bank an adequate sum at his disposal can at any time request the Office to make purchases for him in the Public Funds.

The request for the purchase is to be drawn up on Form N^o 22, and must, if the purchased stock is to remain at the Post Office Savings Bank contain a watchword. If the depositor already has a

watchword in connection with his deposit book that watchword is to be inserted.

If a depositor cannot write he must make his mark and have it attested by a witness. If this witness is the same person who attested the depositor's mark on the counter-cheque and in the deposit book, then the request with the mark of the depositor and the signature of the witness can be sent without further delay to the Post Office Savings Bank. But if the signature of this witness cannot any longer be obtained, the depositor has to go to a Receiving Office and himself prove his own identity.

For the first purchase together with the request it is simply necessary to enclose the deposit-book; for each subsequent purchase the deposit-book and if it relates to deposited bonds the stock account-book also must be sent.

The purchase is made as far as practicable according to the state of the market as noted in the official price-list of the Vienna Exchange on the day in which the request referred to reached the Post Office Savings Bank, a commission being charged of 2 per thousand, which however cannot amount to less than 20 kreutzers.

The stock bought will, according to desire of the depositor either be sent at his own risk and cost to the address he names in his request or be taken care of without cost by the Office under guarantee for kind and number of documents, class of coupons and winning numbers in the lotteries, and the Post Office Savings Bank will prepare and send to the depositor with reference to them a «stock account-book» (Document N^o 32).

Stock which the depositor has not bought through the Post Office Savings Bank can be deposited by means of a stock account-book. The process is thus: the Post Office Savings Bank buys the stock sent and enters it to the credit of the sender, upon which the resale to him is gone through and the stock entered in the usual way in the stocks account-book.

In such cases the purchase and sale in respect of stock of the same kind takes place at the same market price, so that there is no loss to the depositor, merely costing for the purchase on account the fixed commission of 2 per thousand.

Depositors have, with a view to the taking over of such stock to send it at their own cost to the Post Office Savings Bank, joining with it a request in which the stock to be taken over is described, the deposit-book being sent (either lottery or stock account-book).

The Post Office Savings Bank undertakes to present at the Treasury of the Public Debt, the bonds bought on account of depositors in order that they may be stamped with the names of the holders.

This can be done at the request of the purchaser immediately after purchase of the bonds referred to in which case the stamp duty will be accounted for at the same time as the costs of purchase, or, the stamping of the bonds can be requested which according to the stock account-book are already in the Post Office Savings Bank. In the last case the duty which including the cost of the form used amounts to 40 kreutzers a stamp is to be forwarded in postage stamps enclosed with form N^o 22.

In every case the request must contain the exact name of the holder and further information as to where he wishes to take the interest, otherwise it will be understood that it is to be received at the Public Debt Treasury.

After the stamping has occurred, which, according to rule must take place within 3 or 4 weeks, the Post Office Savings Banks forwards the stamped bonds to the address given before the business was entered on. If an account of the interest due has to be prepared it is forwarded to the holder by the Treasury of the Public Debt.

The coupons of the Bonds deposited as per stock account-book will, when they fall due, be detached and cashed, and upon the day of their falling due entered both in the stock account-books of the holders without their having in each particular case to give notice. With reference to these sums coupon-orders will be issued to the depositor on the ground of which they can receive payment of them at any Receiving Office, on the amount being entered in their deposit-book before the expiration of the two months during which the orders are valid.

After this the entry can only take place by sending the deposit-book to the Post Office Savings Bank at Vienna.

It remains free to the holder of the stock-account book to cause the Post Office Savings Bank to forward the coupons in its case, falling due in their entirety or in part, either *in natura* or in money to himself or to a third party. This order should be sent to the Post Office Savings Bank in sufficient time for it to arrive before the coupons fall due.

When the coupons are detached and sent *in natura*, no commission is charged, only the persons to whom they to be addressed must pay the postage as when coupon interests are forwarded.

For banking coupons or lottery prizes, a commission will be charged as for stock in case of the Post Office Savings Bank at 1 per thousand, excepting, however, when the produce of the

coupons is itself entered to the account of the depositor.

The owner of a stock-account book can at any time request that his stock in the public funds be sent to him or that it be sold. The request is to be duly addressed to the Post Office Savings Bank on form N^o 22^c in connection with N^o 24. The request forwarded to the Post Office Savings Bank must contain the watchword and personal signature of the person making the request and be accompanied by the stock-account book and also by the deposit-book when it is a question of entering the money resulting from the sale to the credit of the depositor's account.

The sale takes place in agreement with the final state of the market officially noted on the day the request arrived at the Post Office Savings Bank upon a commission of 2 per 100, at the lowest, 20 kreutzers.

If a stock-account book is lost, the loser is to inform the Post Office Savings Bank in writing, sending at the same time his watchword, and, enclosing 20 kreutzers in postage stamps to request a duplicate.

If after eight days subsequent to the notice the stock-account book is not found the Post Office Savings Bank will issue a duplicate and send it to the depositor, or if an official act is sought with reference to the book, the Post Office Savings Bank will enter into communication with the actual possessor of the book and it will depend upon the result whether the Post Office Savings Bank can grant the request of the loser, or whether it decides to relegate the parties to the magistrate in whose jurisdiction the matter lies.

11.—Freedom from Cost of Postage and Commissions.

The correspondence of depositors with Post Office Savings Bank as well as with the Receiving Offices and with the Post Office management is always post-free, even in the case of a registered letter.

This favour however has no application to the sending of certificates of stock or with reference to money transactions which result from the purchase and collection of the interest on the stock, nor does it apply to notices forwarded of their declared value, with the sole exception of the deposit-book being sent by letter with the declared value for the purchase of stock in the funds.

The correspondence of the Post Office Savings Bank and its organs with the depositors is with reference to orders to addresses designated free from the tax of 1 kreutzer the letter, a tax appointed with reference to the post offices not dependent on the Treasury and to rural post offices, and in connection with the collection of registered letters also to those dependent on the Treasury.

The memorials addressed to the Post Office Savings Bank, to the Post Office authorities and their organs by depositors their legal successors, or authorised representatives, as well as the acts of conveyance mentioned in article 6 of the law of May 28th 1882 are stamp and duty free. The interests of the savings deposits are in like manner exempt from the Income Tax and from any future tax coming in its place.

The deposit-book as well as the forms necessary in giving instructions in business transactions with the Post Office Saving Bank will be supplied to depositors gratuitously.

12.—Official Secrets.

The officials of the Post Office Savings Bank are bound by duty to keep the business and official secrets and it is strictly forbidden to them, beyond their superiors, to impart to any persons whatever, knowledge of any kind relating either to the names of depositors or the the amount of the sums deposited or withdrawn, or to the amount of balances. Those who contravene this rule will undergo disciplinary treatment, and, according to the circumstances, will be dismissed from the service.

Every depositor may therefore rely on the strictest secrecy with relation to his business transactions with the Post Office Savings Bank, not only with reference to the usual Post Office Savings Service, but also with regard to the business in the Public Funds.

POST OFFICE SAVINGS BANK.

The Director,

WACEK.

FOOTNOTES:

[N] *Reichs-Gesetz-Blatt.* Collection of the Imperial Laws.

[O] *According to the altered form of the law of November 19th 1887.*

The earlier form of Article 5 ran thus:

Each depositor will receive from the receiving office (Post office) where he pays in his first deposit, a deposit book in which each amount paid in, each

amount paid back, and the interest added to the capital is to be entered. Each subsequent payment can be made at any receiving office (Post office), the amount being entered in the deposit book.

That person is to be considered the depositor on whose behalf the deposit is made.

The deposit book is to be delivered gratuitously and stamp-free.

The Post Office Savings Bank will open an account for each depositor.

[P] *According to the altered form of the law of November 19th 1887.*

The earlier form of Article 6 ran thus:

The deposit-book is issued in the name of the person for whom the savings have been deposited, and is to contain the notes necessary to the identification of the same, as well as the signature of the depositor.

A depositor who cannot write will have to bring with him a trustworthy man who will have to attest the identity of the depositor and to sign the deposit-book in his stead.

An assignment of a deposit-book to another person is only to be accepted by the Post Office Savings Bank when the act of assignment has taken place at a post office entrusted with Post Office Savings Bank business.

This being done, the assignee is to be regarded as the proprietor of the deposit-book. (Art. 21, paragraph 3.)

Minors are entitled to pay in sums as savings and to receive repayments back, provided their legal representative has entered no written objection at the Post Office Savings Bank.

In the case of the loss of the deposit-book, a duplicate is, after carrying out the proceedings prescribed by Article 14, to be issued.

For one and the same person, but one Post Office Savings Bank deposit-book is to be issued.

Whoever causes two or more deposit-books to be issued loses the interests on the capital entered in the second and in any subsequent books.

If the whole amount of the deposits in the two or more deposit-books that a depositor has caused to be issued is over the sum of a 1,000 florins, or if a depositor has deposited in one year more than 300 florins, in the two or more deposit-books issued to him, he will lose in the first case that part of the capital which exceeds 1,000 florins, and in the second, that part of the capital which exceeds 300 florins.

The Minister of Commerce is empowered for well considered reasons to be indulgent with reference to the loss of capital, which, in conformity with the regulations, would occur to the surplus deposits.

Post Office servants are forbidden, except to their superiors, to give any information whatever to anyone, as to the names of depositors and the amounts of their deposits.

[Q] *According to the altered form of the law of November 19th 1887.*

The earlier form of Article 7 ran thus:

Each payment must amount to at least 50 kreutzers or a multiple of 50 kreutzers. The sum total of payments in the course of a year cannot exceed the amount of 300 florins, after deducting the amount resulting from payments back during that year.

The balance in favour of a depositor including deposits paid in and interest added to the capital cannot, deducting the amount of repayments amount to more than 1,000 florins.

Deposits of 50 kreutzers can be made in postage stamps, or in special postal savings stamps as soon as such stamps are issued by the Minister of Commerce. These stamps are to be fastened on forms supplied gratuitously.

[R] *According to the altered form of the law of November 19th 1887.*

The earlier form of Article 8 ran thus:

The rate of interest for savings deposits is to be fixed at 3 per cent per annum.

The rate of interest can only be altered by legislation.

[S] *According to the altered form of the law of November 19th 1887.*

The earlier form of Article 13 ran thus:

The repayment of the balance in favour of a depositor, or any part of it, to him or to his legal heir or authorised agent, will take place upon a notice which can be made by the party giving it, at the receiving office (post office) which he names in the notice.

The repayment is to be made through the receiving office (Post Office) named in the notice on the production of the deposit-book on the basis of an assignment by the Post Office Savings Bank, except the payment is, according to Article 14, barred by proceedings having been instituted, or according to Articles 6 and 17 by a protest having been made.

When such notice has been received with reference to sums up to 10 florins, the assignment will be sent by return of post by the Post Office Savings

Bank and the payment back will be made by the receiving office (Post Office) immediately after its arrival.

The repayment of sums between 10 and 100 florins will be made in a fortnight at the latest, that of sums between 100 and 500 florins in a month at the latest, that of sums above 500 florins at the latest within two months after the arrival of the notice.

PROPOSED LAW
DEALING WITH THE ORGANISATION OF A
Service of Cheques and Clearing of Accounts
in the General Savings Bank

laid before the Chamber of Representatives of Belgium at the sitting of Nov. 20th 1896

EXPLANATIONS^[T]

GENTLEMEN,

The proposed law laid before the Chamber of Representatives, proposes to attach to our General Savings Bank, a service of which the great importance, the remarkable stability and singular capacity for development, has been proved by a trial conducted with vigilant carefulness during thirteen years in Austria and five in Hungary. In fact the chief part of the unfolding of a project of this kind consists in the setting forth of the results of foreign experience.

(This part of the explanation relating to Austrian experience is a summary of the preceding article, to which we refer our readers.)

Returning now to Belgium we cannot fail to recognise first of all that the institution of the General Savings Bank by the Act of March 16th 1865, is one of the important events of our economic evolution. History will justly connect the name of Frère-Orban with a work so perfectly balanced and bearing the imprint of a real constructive genius.

The solution given to the fundamental problem of the relations of the Savings Bank with the State, and of which the essential characteristics were:—making the Central Bank a distinct legal entity, whilst at the same time surrounding it with the guarantee of the State;—taking measures so that this State guarantee should not be to onerous,—and the constitution of a reserve fund,—the conception of the complex and diversified system of investing the capital in the best way to suit both the exigencies of its productivity and its disposal;—fixing the rates of interest and the periodic distribution of a portion of the reserve;—the accession of all classes of society to the Savings Bank and the admission of unlimited deposits;—the correctives brought to bear on these principles by the fixing of differential rates of interest according to the largeness of the deposits;—all these elements wisely co-ordinated, give to the work of the legislator of 1865, at once an original physiognomy and a true grandeur.

No one of the fundamental ideas of this edifice is attacked by the bill laid before the Chamber.

But this work is perfectible and it contains in its constitution even the principles of its perfectibility. In studying the functions of the Savings Bank, the conviction is soon arrived at that the authors of the Act of 1865, conceived them in the most general and simple form possible, leaving it to time to complete their work. Thus it is that the investments are above all things regarded and portioned out with the view of the possible eventual withdrawal of deposits.

The great peril which the makers of the law had before them, was that of not being able to satisfy a sudden and simultaneous demand for the repayment of the deposits. As to the various forms which these investments could take, they were thoroughly recognized and pointed out by the law-makers, but there were some which were only mentioned in their explanatory statement, but which must take a more and more important position.

This has occurred with regard to agricultural investments, which have awaited a complementary organic legislation. This again is the case with the investments in land, the importance of which in the economy of the Savings Bank, Frère-Orban had seen already in 1850, better than anyone, but which so far has lacked appropriate embodiment by which to give a real satisfaction to the needs of rural property.

The Acts of April 15th 1884 and June 21st 1894, with regard to agricultural credit, of August 9th 1889, with regard to working-class Dwellings, the bill of November 19th 1896, with regard to landed credit only develop the thought contained in the institution of 1865.

The much-regretted Mahillon has profoundly said:

«It is indispensable in order to produce its whole useful effect, that the Savings Bank should be completed by distinct bodies which regulate its working. It is by this organic development that the fruitful character of the genius of our legislators will show itself.»

Our bill tends less to give a larger expansion to these original functions of the Savings Bank than to set free a new function which will carry we think according to the words of Mahillon, its useful effect to a still higher degree.

The Act of 1865 makes no preparation for this putting into motion the property of the depositors, but then neither its text, nor the spirit even of the institution excludes it. It has been seen at work

in the examples of Austria and Hungary; such important innovations however require in themselves real legal sanction.

Thus it is that the two large classes of operations which the new service proposes to combine, imply the possibility for third parties to effect at all post offices payments in favour of depositors whose deposit-books will be kept centralized at the General Savings Bank.

To-day the deposits, like the withdrawals, although they can be effected at all the post offices, can only be so effected on presentation of the Savings Account-book, whether this is done by the holders themselves or by third parties in their names. The Annual Report of the Savings Bank on these operations gives the statistics of deposits effected by teachers on behalf of their pupils, by parents on behalf of their children, by masters on behalf of their workmen. Teachers, parents, workers, retain the account-books.

According to the proposed law depositors will be able to dispose of the free balance of their account by payment-cheques or clearing-cheques.

At present the holders of the account books cannot have recourse to the cheque, nor transfer any sum from their account to that of another on a simple demand addressed to the Savings Bank. Every transfer resolves itself into an act of cession which must be signified to the Bank by a judicial act or notified by a letter bearing the legalised signature of the ceder. The carrying out of these extra judicial formalities is evidently incompatible with what is required in a perfect organ of circulation.

The end in view is in fact to place at the disposition of the greatest number of depositors a permanent intermediary which will enable them to economise time to the utmost, to reduce risk and expense and to save money.

The postal administration by the extraordinary development of its invaluable public service in collecting bills and taking receipts, the importance of which has tripled in the last fifteen years, and by the aid which it has given to the Savings Bank in virtue of the Act of May 30th 1879, in the collection of deposits and in payment of withdrawals, has realized one part of the operations which the projected institution includes.

But it is necessary to attain a still higher degree of organisation taking the Savings Bank itself as the foundation on which to rest.

The point aimed at is how to place at the disposal of its depositors a regular and continuous service of account-keeping both individual and collective in character, and to co-ordinate in a permanent manner all the operations which it embraces; the point aimed at is how to assure to every depositor the power of causing regular collections to be made by the mediation of the Savings Bank and the post offices, the amount being carried to his or her account; the point aimed at, is how to effect these payments by the same intermediaries without running the slightest risk, without the least of these operations escaping an inflexible account-keeping, constantly kept before the depositor's eyes, and without there being any need for the depositors themselves directly and personally to handle the funds.

The centralization of the accounts of all the adherents makes it possible for the Savings Bank to obtain clear and definite results and to eliminate by means of the clearing of accounts the intermediary of money in an ever increasing number of transactions, for this service is by its natural evolution, by the rapid increase of the number of the adherents destined to preponderate.

Assuredly, the instruments of credit and of liquidation, of clearing and balancing, which more and more reduce the use of money, have in Belgium taken an already great importance at the National Bank, in the private banks, and in the Unions de Credit:—the credit given and received having, in a quarter of a century attained two thousand millions of francs at the National Bank alone;—the extent of the movement being shown by the large figures of the current accounts upon which it operates, and during the last three years the National Bank has sought to connect by a sort of clearing the other credit institutions.

But who can hide the fact that we have yet much progress to make, or how far we are behind certain nations such as England. We may judge of it by the collected statistics given very lately by M. Des Essarts in the Annals of the Statistical Society of Paris. The point to aim at is to make the more perfect means of liquidation penetrate more thoroughly into new soil and of bringing them into closer connection with the social organism. This is precisely the project now laid before the Chamber, by which it is proposed for this end to have recourse to an institution like the Savings Bank, the deposits in which rise to more than 450 millions of francs and are distributed in more than 1 million 100,000 bankbooks, and which has seen these deposits increase, in five years, more than 100 millions; and to bring this institution to help to accelerate the general evolution of the community in the fruitful direction of the gradual economising of the monetary instrument and its final elimination.

In looking into the official statistics we become convinced that the one most fixed idea of Frère-Orban is there definitely brought into operation; that of the common participation of all classes of society in the Savings Bank.

Out of 100,000 savings-books, if 50% be set on one side as children's books, it will be seen that the surplus may be divided into nearly equal proportions between the class of manual workers on the one hand, and on the other that of the shopkeepers, the heads of industrial or agricultural enterprises, officials military men, proprietors, stock holders and professional persons. If to this division according to the number of account-books be added, the classification of the account-books according to their total sum, the conviction is soon arrived at that it is to the members of

the working-classes that the cheques and the clearing of cheques will directly render the least service. In effect, if one ought to attribute to the working-class all the account-books of 1 to 1,000 francs, their total importance would represent hardly a quarter of the sum total of the account-books of the Savings Bank. This point will be rendered more clear by the publication of the book of Messrs Hamande and Burny.

However, if putting the consideration of individuals on one side we consider the different forms of working class associations, the conviction is arrived at that, in the service of cheques and clearing they will have a valuable intermediary: the mutual aid societies, the cooperative societies, the professional unions themselves will find in this organ of circulation, the same help as the multitudinous associations of every kind connected with the Savings Bank of Vienna, the popular banks and the rural Savings Banks, specially carried on with a view to small industrial agricultural and commercial enterprises, and in a higher degree the unions de credit, will connect themselves by organic threads to the service of the Savings Bank; they will find in it a means of bringing their efforts to a common point.

It may be added that, to the leading idea of the monetary benefit, is, in our idea united that, of assuring to the workers in this great movement of association one of the indispensable organs to a general and truly democratic financial service and a powerful instrument of economic education, for it will accustom the working-class societies which connect themselves with it to the invaluable discipline of a strict and permanent bookkeeping.

The articles of the proposed law only reproduce the general conditions of this new institution as they result from experience.

The cheques and clearing service ought to have a distinct existence, its accounts being kept separate from those of the savings service, understanding the term savings in the sense which the law of 1865 has given to it.

The Austrian law of November 19th 1887, the complement of the law of May 28th 1882, has laid this down. This condition is bound up with the liberty and spontaneity which ought to characterise the association; nothing can oblige the depositors in the Savings Bank to give their adhesion to this service, to run the risks, small though they be, of these operations, to submit to the working out of its special conditions. Its utility ought to be freely appreciated and the Savings Bank will on the other hand have to fix the regulations which the adherents must satisfy.

Thus those affiliated to the service will not be necessarily confounded with the whole mass of the depositors in the Savings Bank. In carrying out this law it will be necessary to fix a minimum deposit enabling anyone to become a participant in the institution and to have an account; and until the withdrawal of the depositor he will not be able to dispose of this sum; this is the fundamental guarantee the Austrian law imposes and it is a legitimate one: the risks are in other respects insignificant; however it is wise to render this guarantee complete by the formation of a reserve fund; all those who adhere to the service will participate in it; the mode of its formation, and the amount will be fixed by subsequent ordinances. Thus the stability of the institution will be completely assured. Free to adhere to the service, the depositor ought to be free to withdraw from it, only the regulations will have if this occurs, to determine the consequences of withdrawal, from the point of view of responsibility.

The working of the system absolutely requires the complete centralisation of the accounts of the adherents.

The account-books ought to be preserved as well as the accounts kept at the central office of the Savings Bank. What enlargement will be required in number of persons employed must be left to the future. This centralisation is the absolute condition of the regularity of the entries, the certainty of the control and of the preservation against error and fraud; without it the transferring of the entries and of the clearing could not be carried out; by it alone the exact state of the balance of every adherent can be known at any moment; by it alone exact information can be had at each operation of the situation and consequently of the extent of the capital which can be disposed of. The secret of the way in which the surplus is employed will moreover be kept from the knowledge of outsiders.

Experience has proved that the central service of bookkeeping can, without any disturbance, be placed every day in relation with all the post-offices, and the accounts be kept to date notwithstanding the apparent inextricable complexity of all this correspondence and of all these various operations.

The instruments intended to facilitate the two classes of operations in which the Savings Bank and the Postal administration will intervene in the interest of the adherents:—the collection on behalf of the latter, the payments in or the payments in discharge are the object of special by-laws. In this direction still, and in this direction especially we shall be able to learn from experience. Perfected instruments, as the *Empfang Erlag Schein*, the certificate of payment in and of deposit, the cheque-books of payment and of clearing with the ingenious measures taken to baffle every fraud have been well tried in Austria and Hungary and there would be no longer any peril in adopting them.

A metallic reserve sufficient to satisfy all immediate wants ought to be secured. Experience has proved that this condition is to be realized without difficulty.

The establishment of a service of cheques and clearing may lead to a more considerable flow of capital to the Savings Bank.

This has been the result in Vienna and has been in fact the very thing the Viennese legislation

wished to bring about. But, on the one hand the investments continue without ceasing to increase: for example, the extent of the advances connected with agriculture and land which will be solicited of the Savings Bank or in which it will participate cannot be measured; on the other hand it is possible to exercise regulative and limiting action on the deposits in making a difference in the rates of interest given to depositors; it is possible to go the length of suppressing all interest; to this end special arrangements with reference to deposits belonging to the cheque and clearing service will be made in carrying out the law.

Such is the economy of a proposition in itself modest and simple, which we have no hesitation to submit to the Chamber. If we make an effort to conceive what in the future will be the evolution of an apparatus so marvellously flexible as the Savings Bank, we may fairly expect from a combination of the service of cheques and clearing with that of investments, of the association of special organs,—such as Mahillon speaks of,—with the central organism of the Bank, a powerful co-operation in the legitimate effort to eliminate metallic money from our circulating system. But without inquiring, now, what may occur in a future perhaps alas still remote, in only occupying ourselves with the production of present good, it has seemed to us in the general interest to solicit the Chamber to establish a service of which decisive experiences have fixed the essential conditions and shown the efficacy, and of which the link is as manifest with our democratic evolution as with the higher forms of credit and circulation.

FOOTNOTES:

[T]

Sitting of December 2nd 1896. Parliamentary Documents N^o 29.

PROPOSED LAW

Additions to the laws of March 16th 1865 instituting a General, Savings Bank, and of March 30th 1879, codifying the postal legislation.

ARTICLE 1.—The Savings Bank is authorised to organise, with the assistance of the postal administration, a service of cheques and of clearing in current accounts in the interest of those depositors who shall satisfy certain conditions in virtue of the present law.

ART. 2.—This service shall have a distinct and separate administration to that of the Savings Service; the bookkeeping operations to which it gives rise shall be centralised at the Savings Bank in Brussels.

ART. 3.—All participation in this service by the opening of a current account shall be voluntary; withdrawal shall always be possible.

ART. 4.—Royal decrees shall determine:

1. The general conditions of admission and particularly the minimum of deposit which shall be required of every adherent and which shall remain non-withdrawable so long as his participation in the service shall continue; the carrying out of his withdrawal;
2. The conditions and the forms under which the Savings Bank shall receive deposits of third parties and payments on account of adherents, either directly or by the intermediary of the postal administration;
3. The rules according to which the adherents shall be able to dispose of the free balance of their account, by means of cheques and clearings; the conditions and the forms of the cheques given out; the arrangements made to prevent errors and frauds; the intervention of the postal administration in the payments or repayments effected on account of the adherents;
4. The rules which will permit the accounts to be kept from day to day and to enable the account holders to know the condition of affairs in a regular manner;
5. The formation of a reserve sufficient to assure the regularity of the operations;
6. The rate of interest which shall be given to the funds placed in the cheque and clearing service;
7. The constitution of a reserve destined to cover the eventual losses of this service;
8. The fees for collection which shall be charged to the adherents.

- H. DENIS.
- E. VANDERVELDE.
- F. FLÉCHET.
- L. BERTRAND.
- T. NIEZETTE.

Transcriber's Notes:

Simple spelling, grammar, and typographical errors were corrected.

Punctuation normalized.

Anachronistic and non-standard spellings retained as printed.

Added missing "FIGURE V." reference to top of page 57.

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