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Proposed Monetary Reforms for the United States.

THE September report of the Comptroller of the Currency showed that the national banks of New York City held, on August 22 last, 26.81 p.c. of legal reserves against 24.36 p.c. on September 4, 1906. Loans and discounts of 38 banks reached $712,121,058, compared with $702,051,036 for 40 banks last year; on May 20, the to l for 39 banks was $752,556,083. Individual deposits showed a falling off from $659,198,930 a year ago to $532,634,606, while $585,389,969 was shown in May.

Despite the improved reserve position over that of a year ago, and the feeling that Treasury relief plans and recent stock market liquidation have contributed to avert a return of last autumn's extreme harvest-time strain, the general conviction remains that there are grave defects in the way the country's "monetary machinery" deals with each year's crop-moving operations. Naturally the remedies proposed are numerous. One measure, which involves a change in practice rather than in theory, is suggested as follows by The Wall Street Journal: "May it not be that steps could also be taken at the other end of the line, to secure a larger use of checks in the harvesting of the crops, so as to diminish as much as possible the demand for reserve money for crop purposes?" Present methods afford an illustration of the tendency of the farming community to lag behind in commercial evolution—a tendency which a recent writer in the Review of Reviews refers to in its various manifestations as being largely responsible for the world's present scarcity of capital. "Why is it," he asks, "that new knowledge, demanding new capital for gainful uses, has not created that capital in needed volume? The answer is that economy on the farm, in factories and mills, has not kept pace with economy in the modern mine, smelter, blast furnace or railroad. It is because a basic production, such as farming, hangs behind the quality of a derived industry, such as transportation, that new capital is asked for by railroads faster than it is created in the grain field."

Another proposed remedial measure of a practical sort is the perfecting of a uniform bill of lading, the use of which must greatly facilitate crop-moving and its banking operations. This matter is receiving extended consideration from the American Bankers' Association in session this week.

Coming to more theoretical suggestions, the plans brought forward are varied. The advocates of a national central bank of issue are sanguine that their scheme for currency regulation would prove entirely efficacious; while on the other hand United States Treasurer Treat again brings forward his suggestion of an emergency issue by existing banks, such issue to be made for limited periods. At the same banking convention at which Treasurer Treat promulgated his views, Prof. Mead took strong ground against an emergency circulation and would provide for crop-moving and other special needs by requiring the New York banks to keep an "emergency reserve" of 35 or 40 p.c. instead of the 25 p.c. now required; the banks being allowed under suitable restrictions to draw upon this reserve to meet demands for cash from their correspondents. The New York Journal of Commerce strongly criticizes the foregoing suggestions for changing present banking methods, and calls for a credit note system resembling that of Canada; contending that the only way to give the volume of the currency of the country, outside of deposits subject to check, an elasticity which will make it responsive to the varying demands of business is to base it upon bank credit amply secured by bank resources and redemption obligations.

Evidently the financial doctors hold divergent views as to necessary treatment, not being even agreed in their diagnosis of the country's monetary ailment, as to whether it is due to actual lack of available money-food or rather to a form of malnutrition.