out notices to a large number of national banks designating them as Government depositaries and informing them that the Government bonds to secure such deposits as may be made with them must be placed with the Government by the close of the 18th. Such meddling with banks would seem to be an intolerable nuisance, but we suppose the national banks have got used to this treatment. Such a procedure as forcing a lot of Government money on a bank and requiring the deposit to be covered by Government bonds seems an act of tyranny as well as financial folly.

Coincidently with the designation of these new depositaries the Secretary called the loan of $10,000,000 made by the Government to various financial institutions with State and municipal bonds as security, indicating his intention to have Government bonds substituted for the State and municipal bonds. In order, however, not to contract too seriously the amount of money in the banks, the Secretary agreed to deposit with the new depositaries about $7,000,000 of the $10,000,000 called in. The $10,000,000 had to be paid in Friday (the 20th), the day for opening the bids for the new bonds. Under the date of July 18, the Secretary further stated that bidders must pay for their bonds on demand, or if they desire they may pay for them immediately; but in case the bonds are not paid for immediately the bidders will be required to pay accrued interest. Finally, Mr. Shaw notified purchasers that if any desired to use a portion of the purchased bonds as a basis for circulation, payment might be deferred at least on a portion thereof until the notes can be printed. In such case the order for the currency must be placed at once and the premium advanced on the bonds. The accrued interest can be paid when the bonds are placed with the Treasurer as security for circulation. To the foregoing the Secretary added that the extent to which this privilege can be wisely granted will depend upon the amount of bonds that may be desired as a basis for circulation.

Well may the flotation of bonds by the American Government be so successful when the Secretary of the Treasury is able to force a portion of the issue on the national banks wholly regardless of their financial needs and of the trade interests of the country. The fact is, says the New York "Chronicle," "the weak situation here and at the other large trade centres is caused by a national disregard of the laws of trade. The national disregard of the laws of trade we refer to is the continuation of a currency system possessing no adequate provision for its orderly redemption. Such a system as we have must at all times of business quietness lead to currency congestion at our trade centres, and at New York most seriously of all—a situation which results in hazardous investments. In other words, when money is more plentiful than legitimate trade can find uses for, lenders press their holdings into occupations less conservative, to save the loss of interest. This situation necessarily leads to the fomenting of a spirit of extreme venturesomeness in the effort to get loanable funds at work. When this end has been attained, and surplus funds have been forced out and gotten mixed up in business ventures of good and bad character, it is a hard road to turn them into liquid assets.

"We assume our readers remember what a large addition we showed last week in this column had been made to the outstanding currency of the United States during the 12 months ending with July 1, 1906. That total was found to be 147¾ million dollars. A place for the activity of that immense sum of new money had to be found, and was found, and it exists to-day, distinguished by the higher prices at which almost everything rules. It was pure fun to have the values rise, and a good many will think we are foolish to find fault with such a situation, though it has left in some quarters a pyramid kind of advance (only the pyramid stands on its small end) which necessarily must produce suffering when a normal state of affairs returns. For in that process of contraction, all the communities within the 3½ million square miles must share in and cannot fail to suffer more or less from the undoing of the work which has been so enjoyable."

EXCESS OF UNITED STATES EXPORTS (*i*) OR IMPORTS (*d*).

Year ending June 30.	1906.	1905.	1904.	1903.	1902.
	$	$	$	$	$
Merd'ise.	*i* 517,148,233	*i* 401,048,595	*i* 469,739,900	*i* 394,422,442	*i* 478,398,453
Silver .	*i* 21,446,25	*i* 21,363,947	*i* 21,703,888	*i* 20,086,768	*i* 21,500,136
Total	*i* 538,594,483	*i* 422,412,542	*i* 491,443,788	*i* 414,509,210	*i* 499,898,589
Gold ...	*d* 57,653,320	*i* 38,945,063	*d* 17,595,382	*i* 2,108,568	*d* 3,452,304
Total..	*i* 480,941,163	*i* 461,357,605	*i* 473,848,406	*i* 41 , 17,778	*i* 496,446,285

i Increase. *d* Decrease

It will be seen from the foregoing that after taking into account the movements of the precious metals, there is an apparent balance in favour of the United States on the foreign trade currents in the large sum of $480,941,163. And the balances for the years immediately preceding were of similar magnitude, having been $461,367,605 for 1905, $473,848,406 for 1904, $416,617,778 for 1903 and $496,446,285 for 1902. These amounts seem much in excess of the sums needed to offset the annual requirements for ocean freights (U. S. foreign trade being so largely carried in foreign bottoms), for interest on American securities held abroad, for expenditures by Americans travelling abroad, for undervaluation of imports, and for the re-purchase of foreign-owned stocks and bonds.

It is certainly not readily explainable how a country that has such an enormous foreign trade