UNITED STATES CURRENCY BILL DENTED

Critics are Numerous and Bankers Association File Strong Objections

The currency bill now before the United States Congress has been bombarded with criticism from every part of the country. One authority has said that it is a poor imitation of the Canadian Bank Act. The American Bankers' Association has now issued a lengthy report criticizing the measure. In part it says:—

"The proposed currency legislation is still pending in Congress. The bill in its present form imposes unwise hardships upon the banks, and equally unwise hardships upon the general public. The interests of the bankers and commercial public are coincident; no injury can be inflicted upon the one without the other also suffering. When business is active and prosperous, the banker shares in the benefit; when it is languishing, he feels the ill effects. The chief function of the banker is to loan his capital and other resources to his customers so that they may increase the activity and extent of their business. Any withdrawal of the bank's capital from these legitimate channels of trade not only entails a loss to the banker, but also to the business public.

Banks Have Minority Representation.

"The banks are required to subscribe to the Federal Reserve banks an amount equal to 20 per cent. of their capital, one-half of which must be paid in at once, the other one-half being subject to call. This is to be taken over and placed under the management of a corporation in which the banks have not only a minority representation, but a very limited voice indeed. In return for the capital thus appropriated, the banks receive a certificate, which cannot be sold, assigned or hypothecated, over which none of the usual rights of property can be exercised. The banks are obliged to make this subscription, or be dissolved. Charters have ever been regarded in the nature of a contract, and it is doubtful if, under our constitution, Congress can take away the charter of a bank in this summary manner, not because the terms of the charter have been violated by the banks, but because the bank management might refuse to make a coerced investment such as the pending measure provides.

Says It Is Socialism.

"There is no provision whereby a bank which subscribes money to the capital of the Federal Reserve bank can recover the same, except by liquidation, either voluntary or enforced. A bank is given a maximum return of 5 per cent. upon capital subscribed—if earned. If the Government can appropriate one-tenth of a bank's capital in the manner provided by this bill, they may appropriate one-tenth next year, and so on until the capital is all transferred to the Government bank. If they can fix the compensation at 5 per cent. this year, they may make it 4 per cent. next year, and 3 per cent., 2 per cent., 1 per cent. or nothing—a very simple and easy process whereby the entire capital of the banks may be transferred to the Government. For those who do not believe in Socialism it is very hard to accept and ratify this proposed action on the part of the Government.

"There are other provisions of the bill equally important and far-reaching in their effect.

"We have recounted the condition which confronts us as to that provision of the pending measure, in order to impress upon the banks the fact that we have reached a point where we must act in our own interests and for our own protection. Individually we must reach our conclusions in the premises, and if we are not satisfied with the provisions of the bill we ought to acquaint our respective representatives in Congress of the fact, and clearly point out and impress upon them the changes which we think ought to be made.

Why the Bankers Oppose.

"It has been proclaimed in Congress and in the public prints that many features of the pending measure are exactly like or similar to provisions of the bill reported by the National Monetary Commission, and which the bankers in convention approved. The question is asked, 'Why, if the bankers approved such provisions in the so-called Aldrich bill, do they oppose similar provisions in the so-called Glass-Owen bill?' This is the reason:—

"(a) Investment in the stock of the Central Reserve Association created by the bill of the National Monetary Commission was permissive, not compulsory; banks might invest in the same if they chose, or they might decline the opportunity, in accordance with the dictates of their business judgment.

"(b) Under the terms of the bill of the National Monetary Commission, the bankers controlled the management of the Central Reserve Association. It follows that an investment in the stock of the association was an investment under their own control and management. On the contrary, investment in the stock of the Federal Reserve banks of the Glass-Owen bill is compulsory. The individual banks have a minority representation in the management of these Federal Reserve banks and have no voice whatever in the selection of the Federal Reserve board, which dominates the Federal Reserve banks, and the proposed measure only provides that one of the seven members must have banking experience.

"The fact that the bankers controlled the Central Reserve Association was a guarantee against political control, and it was equally a guarantee against incompetent management—two important respects wherein the pending measure is lacking."

MONEY MARKETS.

Messrs. Glazebrook and Cronyn, exchange and bond brokers, Toronto, report exchange rates as follows at closing:—

	Between Banks.		
	Buyers.	Sellers.	Counter.
N. Y. funds	par.	1-32 p.m.	1/8 to 1/4
Montreal funds	par.	par.	1/8 to 1/4
Sterling—60 days' sight ..	8 9-32	8 5-16	8 9-16 to 8 11-16
do. demand	9 1/4	9 9-32	9 1/2 to 9 5/8
Cable transfers	9 11-32	9 3/8	9 5/8 to 9 3/4
Rates in New York:		Actual.	Posted.
Sterling, 60 days' sight		4.81.25	4.82 1/2
do. demand		4.85.50-55	4.86 1/2

Call money in Toronto, 6 1/4 per cent.

Bank of England rate, 5 per cent.

Open market discount rate in London for short bills, 4 13-16 per cent.

BANK CLEARING HOUSE RETURNS.

The following are the figures for the Canadian Bank Clearing Houses for the weeks of October 17th, 1912; October 9th, 1913; and October 16th, 1913.

	Oct. 17, '12.	Oct. 9, '13.	Oct. 16, '13.
Montreal	$68,192,936	$64,002,547	$59,787,975
Toronto	46,582,098	46,324,014	45,579,131
Winnipeg	34,618,685	42,869,571	42,700,787
Vancouver	13,491,182	11,969,840	11,868,547
Calgary	5,458,000	6,119,003	4,957,216
Ottawa	4,471,291	4,519,472	4,371,715
Edmonton	4,932,151	4,034,656	4,056,732
Victoria	4,104,608	3,531,828	3,142,612
Hamilton	3,635,734	3,865,953	3,404,931
Quebec	3,423,033	3,412,072	3,411,170
Saskatoon	2,427,843	1,772,859	1,970,384
Regina	2,632,624	3,273,634	3,068,060
Halifax	2,209,397	2,440,047	2,036,242
St. John	1,885,421	1,696,543	1,726,259
London	1,710,947	1,831,665	1,728,588
Moose Jaw	1,460,228	1,174,667	1,147,183
Fort William	694,164	1,139,772	1,165,907
Lethbridge	794,870	618,838	604,851
Brandon	686,340	753,004	757,500
Brantford	665,077	753,197	706,351
Totals	$204,076,629	$206,103,162	$198,192,141
New Westminster		633,786	535,083
Medicine Hat		571,024	605,589

RICHELIEU STOCK HELD POSITION,

Monetary Times Office,
Montreal, October 15th.

Among the stocks which have held firm during the past week is Richelieu and Ontario. Prices have barely fallen below 110, this being but the slightest decline from the recent high point. The stock in the past has been wont to give way under small selling pressure, so that the present firmness with all other stocks showing an inclination to drop on the slightest liquidation, is attracting attention.

There are other indications that the time is approaching for the final consummation of the deal which has been so long pending. Gathered in Montreal this week are several of the larger interests in connection with the deal. It is stated that practically everything is now in readiness awaiting an improvement in the general financial position. It is felt that there is little use offering securities of any kind at the present time. The disposition just now is to sell, and, until sentiment recovers, any securities which are sold on the market, are apt to be sold at a price which would look low once the situation adjusted itself again. Otherwise, it is said, the new issue of preference stock would already have been made.