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United States Currency Conditions.

THE passing of the Aldrich Bill was not looked upon as more than one short step towards bettering United States currency conditions. Recently the Hon. Chas. H. Treat, Treasurer of the United States, has detailed before the Missouri Bankers' Convention his ideas as to increased bank note circulation. He is flatly opposed to a currency system based upon bank assets, such as that of Canada, France or Germany. In his opinion, "the marvelous benefits that have accrued to the United States Government through the National banks, in the saving of interest and enhancement of its credit (even placing its 2 p.c. consols at 4 p.c. premium, while the German Government 3 p.c. bonds are quoted at 84 and the 2½ p.c. consols of Great Britain are selling at 85), are striking evidences of the importance of the national banking system to the general good of the country." Nothing is said by Mr. Treat, however, of the injuries done by this artificial system to the country's business interests [illegible] ·uries that in [illegible] rally consider- [illegible] ages enjoyed by the [illegible] nmental function.

Mr. Treat's plan may probably be considered as that also of Secretary of the Treasury Cortelyou. It does not provide for any bank currency "other than that secured by United States bonds or as good security as now accepted for public deposits." His extension would be along the lines indicated by the latter clause of the foregoing sentence. That is, he would allow the securities of state and municipal governments, and of certain favoured corporations to be the basis of a large proportion of the bank circulation of the United States.

The adoption of such a plan would mean an extending to states, municipalities and certain corporations as well, a share of the "marvelous benefits" which the national Government now enjoys through obtaining prices for its bonds far higher than they would bring as ordinary investment securities.

The Bearing of Treasurer Treat's Plan.

ACCORDING to Treasurer Treat's proposal, "not less than 50 p.c., or may be more, of the circulation is to be secured by United States bonds; any part of the remainder or excess of capital stock to be secured by bonds acceptable to the Government as security for its loans to banks known as public deposits; and the total amount of emergency notes shall not at any time exceed 50 p.c. of the capital stock of the bank invested in United States bonds." The undesirability of this plan is such, in the opinion of the New York Journal of Commerce, that Treasurer Treat's suggestion is "the most pernicious yet made." Editorially it says: "Why should not the notes of a bank be its own notes based upon its own credit and secured by its own resources directly instead of having these tied up in the credit of other corporations? It is bad enough to have them bound rigidly to the debt of the Government of the United States, but it would be worse to mix them up with the debts of states, municipalities and corporations."

Problem Treated in Yale Review.

MUCH has been written within the past few months upon the defects of the existing currency system of the United States. A most instructive and valuable monograph upon the subject appears in the current issue of The Yale Review, entitled "Our Currency Reform Problem." The author is Fred. Rogers Fairchild, Ph.D., Instructor in Economics, in Yale University; and so clearly and interestingly is the