

interest. To be consistent, its agency in this city must either withdraw from the local Clearing House, or its head office in Toronto must enroll itself among the members of the Toronto association. We look for the adoption of the latter course, as being more in keeping with the *entente cordiale* which has always existed between the chartered banks.

AN ELASTIC CURRENCY.—It is said that the banks of Minneapolis, Minn., will require \$50,000,000 to accommodate their mill and elevator customers during the next few months. Under the currency system of the United States, a rapid adjustment of credit will thus become imperative, and the value of money will rise in proportion to the demand. In Canada, on the contrary, where the banking system is based on the issue of notes against credit, the exigencies of the crop movement can be met by the operation of a natural law, working without violence or friction, the currency increasing as commerce demands and shrinking when the needs of the hour are abated. In this way any very appreciable rise in the value of money is provided against, for while continuing to supply the ordinary business wants of the country, our banks have always in reserve, for use when required, an extra credit capital sufficiently large to meet all extraordinary calls, the utilization of which costs but the expense of issue. The present monetary system of the Dominion thus amply provides for all emergencies, and for many years to come need not call for revision. A total issue of sixty million dollars, the amount now authorized under the 51st section of the Bank Act, is not likely to be called for during the next decade; and although in isolated cases the extreme limit will undoubtedly be reached by a number of the chartered banks, temporary arrangements with kindred institutions under the limit will suffice to meet the difficulty. The time must come, however, when an amendment to the present law, in this connection, will be imperative, and the first step taken may be to add an additional twenty millions to the currency of the country by utilizing the Reserve Funds or Rests as a basis of issue. Later, perhaps, a partial adoption of the American system may become a necessity. At present, however, the elasticity of our currency is such that we may justly pride ourselves on the excellence of the system, and wonder at the folly of our neighbors in permitting themselves to be thus repeatedly harassed during the manipulation of the crops.