PROBLEM OF GOLD SHIPMENTS.

The heavy gold shipments from the United States have been troubling Secretary of the Treasury Cortelyou. In his annual report he recommends to Congress the use of international gold certificates as a means of lessening the movement of gold from one country to another. During the past year, the gold shipments from New York to Europe have been of some magnitude. Canada does not figure largely in this matter, although gold to the amount of several millions is usually shipped to our chartered banks prior to the fall to help with the crop movement.

The Secretary suggests that the use of the proposed certificates might be made the outcome of an international convention, which would consider the matter. Bankers at home and abroad have been interested in these proposals. Theoretically, they think, in some respects the plan is excellent. Practically, they emphatically assert it has little chance of application.

It will be of interest to glance at the chief clauses of Secretary Cortelyou's report in this relation:—

The advantage of reducing to a minimum the transfer of gold between the financial centres of the world has been often discussed, but has not yet been the subject of official action. Economy in such transfers has come about automatically from time to time by the extension of the system of bills of exchange and of the use of international credits. Distrust of these resources in times of crisis—the very moment at which they are most needed—invokes the demand for physical gold. Even under ordinary conditions, the interval between the outward crop movement from this country and the payment for foreign merchandise imported in the spring is often marked by shipments of gold in both directions, which the mechanism of international exchange has not yet found the means of entirely avoiding.

That credits or loans of gold might be extended more generously than at present by one nation to another in times of stress was proposed soon after the crisis of a year ago. It has been suggested that an international conference be called of representatives of the ministries of finance and of the great State banks with a view to more prompt and effective co-operation in emergencies. It is not proposed here to enter upon a general discussion of this subject, but if such a conference should be held, there might well be included in the list of topics to be considered the creation of an international gold certificate, which would represent for all practical purposes the transfer of gold coin or bullion without the necessity of transferring the metal itself.

Such an arrangement would require international sanction, either by agreement among the leading banks of the world to issue a transferable international certificate upon a certain amount of gold coin, definitely set aside for the purpose, or an agreement through diplomatic channels among the several Governments to some similar arrangement under official control.

In the present advanced state of public faith and of financial responsibility there is apparently no serious obstacle to reaching such an agreement, if measures are once set on foot by those capable of carrying it out. The issue of such international certificates, payable on demand, like the gold certificate of the United States, would not prevent the transfer of the physical gold when desired. The certificates might be redeemable in all countries which were parties to the agreement, without regard to the country in which they were issued, and it might be left to those in charge of the gold funds to determine from time to time whether physical transfers of gold were required. Actual transfer might be advisable where there was reason to believe that the movement was more or less permanent in character, but it would seem that such transfers might be reduced to the minimum where it seemed probable that the metal would be recalled by the normal movement of trade within the space of a few months. It is suggested that the Secretary of the Treasury might be authorized to receive hospitably any suggestion from abroad and to appoint, through the proper channels, delegates on behalf of the United States to any conference which might be assembled having the subject within the scope of its deliberations.

The financial press of New York appear to agree as to the futility of the proposed scheme. Like many ideal banking arrangements, its actual operation apparently would prove unsuccessful. First, differences in the international exchanges would have to be settled by the delivery of an international gold certificate. This is said to be as futile as an attempt to settle the daily differences at the clearing houses by a cheque instead of by the payment of currency. In the New York clearing house gold certificates are used in settlement of the daily balances. The success of an extension of such a practice to international exchange operations is open to question.

Clearing house certificates are good as between the members of the institutions affected. International gold certificates can scarcely possess the characteristics of a clearing house gold certificate. Bankers will at once see the difference between the local and the proposed international arrangements. In the latter case, the gold represented by the certificate might be two or three thousand miles distant from the certificate itself. Its immediate convertibility into actual gold would be impossible.

Another point discussed concerns the difficulties in the way of storing up in any part of the world a common gold supply. Speculation has been made as to what assurance nations have that the gold would be safe, in the event of war. As is well known, international exchange operations are far from represented by the passing of gold from one market to another. The gold movement is but a small fraction of the aggregate sum of international exchange. It would seem that there are many practical difficulties in the way of acting upon Secretary Cortelyou's suggestion. Probably some surprise will be expressed that he has deemed it a sufficiently important matter, from a practical standpoint, to deal with it in his annual report.

NOVEMBER BANK STATEMENT.

	Nov., 1908.	Oct., 1908.	Nov., 1907.
Circulation ..	$ 80,287,724	$ 83,036,762	$ 84,452,899
Deposits on demand . . .	206,315,809	190,114,091	160,529,719
Deposits after notice . . .	419,920,274	414,789,347	408,902,274
Deposits elsewhere	68,234,029	62,789,247	54,818,589
Current loans	515,695,476	519,263,607	570,896,276
Elsewhere . .	27,899,016	27,480,811	23,576,315
Call loans ..	42,730,261	42,102,565	45,733,765
Elsewhere .	85,220,634	70,239,118	14,198,293

The above figures show the principal changes in the Canadian banking position during November. The statement presents a seasonable appearance. While December is in some ways a month of expenditure, last month the savings or deposits rose to a record level. Including those in the foreign branches of the banks, the aggregate was $694,470,112. Deposits on demand exhibit a gain over the previous month of nearly 16 million dollars, while deposits after notice show an increase of nearly 5 millions.

Current loans in Canada have decreased by a little more than 3 million dollars; call loans elsewhere have increased by 15 million dollars.