

what relief has that been to his customers? Absolutely not to the extent of a dollar, for the extra circulation only represents an equal amount of cash locked up in new bonds! Note the position this operation has brought the banker into. When the temporary demand for notes is over they come in for redemption, but he cannot get his bonds turned at once into cash to meet the call for this purpose. According to United States law circulation cannot be redeemed to a larger amount than \$3,000,000 in any month, so that if the note-issuing banks buy bonds to extent of 15 or 18 millions and put out extra circulation to that amount they would be compelled to hold a large stock of those bonds for, probably, several months, "eating their heads off," as we say of a horse tied up in its stable, for bonds do not yield as much interest as the cost of them sacrifices.

Another regulation which hampers the American banks is the requirement that the banks in which public moneys are deposited shall "give satisfactory security by the deposit of United States bonds, etc." By "satisfactory security" is meant Government bonds, so that, to enjoy the privilege of holding deposits of public moneys, the banks have to "put up" public bonds to extent of 25 per cent. as security therefore. The American system of banking and currency seems, indeed was, to a large extent, designed to provide a market for Government bonds, not to promote the financial interests of the country. The enormous imports into the United States, while they are some evidence of prosperity, are not, as so many United States papers claim, a demonstration to their full extent of the purchasing power of the country. Nations may over-buy, and so strain their credit and means, as well as individuals. Imports indicate the extent of a country's *credit* at the time they are bought in foreign markets rather than the extent of its *paying* resources. Hence the non-relief of the distressful monetary conditions by the enormous exports which were going forward when a money famine prevailed.

Those exports, to a very considerable extent, were mortgaged, for their proceeds had been largely anticipated and spent, and a heavy proportion of them was required to pay for the incoming imports. This year, up to 1st Sept., the United States had exported \$821,685,198, against \$614,165,387 of imports, yet, with that balance in their favour of \$207,519,811, presumably due to the States in Europe, they could not draw on that balance to relieve the financial famine.

We will now present several financial tables compiled from data in the New York "Banker's Magazine" and other sources:—

U. S. NATIONAL BANK CIRCULATION.

	July 31, 1902.	Sept. 30, 1902.
Total notes outstanding.....	\$ 358,984,184	\$ 366,993,598
Circulation based on U. S. bonds.....	316,614,767	323,843,144
Circulation secured by lawful money.....	42,369,417	43,150,454
U. S. bonds held to secure circulation.....	318,588,480	326,052,770
Bonds to secure public deposits.....		136,625,170
Total government bonds held.....		462,677,940

Thus of the total of the interest bearing debt of the United States more than one-half is compelled to be carried by the National Banks to secure the circulation and the deposits of the government. There may well be a shortage of funds to carry on the ordinary business of the country when the sum of \$462,677,940 of the resources of the banks is locked up in what is practically a loan to the government, and when the only way provided by law to provide more money for business purposes is, for the banks, practically, to lend more money to the government by buying more bonds!

MONEY IN CIRCULATION IN THE UNITED STATES.

	Aug. 1, 1902.	Oct. 1, 1902.
	\$	\$
Gold coin.....	631,156,433	624,728,060
Silver dollars.....	68,906,465	75,043,719
Subsidiary silver.....	86,222,459	89,996,205
Gold certificates.....	314,764,019	304,382,054
Silver certificates.....	447,445,542	459,571,478
Treasury notes.....	28,635,585	26,741,790
U. S. notes.....	337,428,669	342,930,086
National bank notes.....	346,046,965	352,383,259
Totals.....	\$2,260,606,137	\$2,275,686,651
Population of U. S.....	79,230,000	79,548,000
Money in circulation per head.....	\$28.63	\$28.64

MONEY IN THE U. S. TREASURY.

	Aug. 1, 1902.	Oct. 1, 1902.
	\$	\$
Gold coin and bullion.....	562,769,624	590,566,025
Silver dollars.....	472,170,509	480,713,502
Silver bullion.....	28,368,763	24,439,639
Subsidiary silver.....	12,002,930	8,082,371
U. S. notes.....	9,252,347	3,750,930
National bank notes.....	12,947,219	14,610,339
Totals.....	\$1,097,500,872	\$1,112,103,606
Certificates and treasury notes outstanding.....	790,845,146	790,695,322
Net cash in Treasury.....	\$306,655,726	\$321,408,284

During the whole time when the pressure for money was so severe as to be verging upon panic—when indeed panic prices of money prevailed—the United States Treasury was accumulating gold, the stock of which in September, when a state of positive financial famine existed in the country, was increased by \$19,204,192. In the same period, that is between Sept. 1 and Oct. 1, the circulation of National bank notes only increased to extent of \$5,710,907, the additional issues during September being about 1.60 p.c. In Canada in Sept. 1901 the increase of circulation was \$4,675,000 which was an enlargement of 9.10 per cent. That is, for a country containing 80 millions of people, during a period of most urgent need of funds for moving the crops, the banks only were in a position to enlarge their