

its net cash held over and above all Certificates and Treasury notes outstanding from \$144,216,376 to \$291,851,275, an increase in this reserve of \$147,634,899, which is over 100 per cent. It is almost incredible that, with the public Treasury so over-gorged with gold the whole country could be crying out vainly in positive distress for more currency to conduct its necessary business. Look, too, at the helplessness of the circulation to provide for the expanding needs of the nation's trade as contrasted with that of Canada.

CIRCULATION OF THE UNITED STATES AND CANADA.

	Oct., 1902.	Oct., 1900.	Increase in 2 yrs.	Per ct. of increase.
	\$	\$	\$	
U.S. National Bk notes	380,476,334	331,693,648	48,782,686	14.7
Banks of Canada....	65,928,973	53,193,777	12,735,196	23.9

Had the National banks increased their circulation in the same proportion as those of Canada their note issues would have been over 30 millions of dollars more in October than they were, and what would have nearly doubled the increase, they would not have had to put up Government bonds to secure such increase of circulation.

In England the Bank of England is the depository of taxes. Its officials periodically visit different centres where they engage a room for a day, or longer, and sit to receive what is due to the Government. An arrangement is made with a local bank to exchange daily such local notes, gold and silver for Bank of England notes as the bank officer has received. To prevent any harm arising from his carrying large amounts in notes in his hand-bag it is the custom to tear off the signatures from the Bank of England notes, so that, if they are lost or stolen, they are worthless. Due notice is given to the bank of these visits and of the probable amount that will be exchanged, so that preparation is made to meet the convenience of the officer, and to have bank notes ready for any customer who is likely to require them. As the Bank of England has branches spread over England a visit to one of them to secure notes, or exchange them for gold, involves only a short trip which is being constantly made by the country banks. The above system promptly restores to the fund available for banking operations whatever was temporarily withdrawn for the payment of taxes. There is no locking up of vast sums of money which have been taken out of circulation to be stored in a Government vault.

There is not in the record of finance a more amazing display of irrationality, of helplessness, of a country financially starving amid a profusion of food, than has been presented by the scarcity of currency and the short supplies of money for the needs of

business in the United States during the fall and early part of the winter of 1902. When a lazy waggoner appealed to Jupiter for help in getting his vehicles out of a rut he was told to put his shoulder to the wheel. The Secretary of the U. S. Treasury seems to have taken a hint from the old fable; he is putting his shoulder to the wheel of the country's financial vehicle, its stores of gold, and seems to be making an earnest effort to get it out of the rut of routine into which it has been allowed to fall much to the scandal and much to the injury of all the financial interests of the United States.

WHAT THE SECRETARY OF THE TREASURY PROPOSES.

The Secretary of the Treasury proposes to place the currency more completely on a gold basis "by making every obligation between the Government and the people, and between individuals, payable in money, every dollar of which shall be the equivalent of 25.8 grains of standard gold, and on which a demand for this equivalent can be directly or indirectly predicated."

The Secretary urges that the present volume of silver bullion be converted into subsidiary coin, and thereafter by recoinng silver dollars."

He says: "I see no objection to the issuance of circulation based upon general credits," but not to be a first lien on assets. He would impose a tax of 1 per cent. on circulation to be called "premium on insurance," the receipts to be held to cover any failure to redeem notes. He objects to making a bank's capital the limit of its circulation, but offers no alternative.

The Secretary points out that, at present the purchase of outstanding Government bonds for the sinking fund affords the only method of returning surplus public revenues to the channels of trade after they have been once covered into the Treasury. If authority were granted to make deposits without security, after special examination and at such rates of interest as the Secretary of the Treasury might determine, quite an element of elasticity would be provided whenever a surplus of revenue existed.

It will be noted that Secretary Shaw takes his two leading proposals from the Canadian system, of which he suggests modifications, and his suggestion that the public revenue receipts should be made available for the service of the country by being deposited in banks "throughout the country" is in line with the custom in Great Britain and Canada where no such system is known as the Government collecting vast sums of tax money and hoarding it to such an extent as to create an artificial scarcity.