

reserve shall be in cash in each bank's own vaults, and that the present system of reserve depositaries, both State and national, be abolished as most unsound and dangerous.

Equally outspoken was Mr. McDougal on the subject of bank currency—a matter which naturally came in for lengthened discussion in both the Ohio and New York conventions. That the Canadian system had been carefully studied was apparent from more than one address. While Mr. McDougal made no direct reference to the Dominion, his outline of the essentials of a satisfactory currency system reads almost like a description of that enjoyed by Canada. He insists that the public should have the safest, cheapest and cleanest currency that can be furnished. The public should be able to get this currency when it desires, in such denominations as it desires, and to get it redeemed in actual money without notice, at as many places as the necessities of business require. Because such currency would pass from hand to hand without endorsement, the Government should protect holders by establishing a redemption fund, to be raised by a tax on circulation, by guarding against overissues. Possibly, he says, the currency should be made a first lien on the assets of the issuing bank. Beyond that, the Government should no more interfere than it interferes to-day if a bank's customer wants its cashier's check or certificate of deposit or credit on its books against which he can check.

More specific reference to Canada was made before the Ohio bankers by Colonel James R. Branch, secretary of the American Bankers' Association. In commenting upon the inelasticity of United States currency, he said:

"The lack of contraction in our notes is evidenced by the fact that the average National bank note of the United States stays in circulation 730 days, or until it is worn out; while the Canadian bank note remains out 30 days and the notes under the Scottish banking system only 18 days. This enormous difference is partially caused by our poor redemption facilities."

Colonel Branch pointed out that the National bank currency is inelastic, because it is based on Government bonds, and its amount not regulated by the demands of commerce, but almost entirely by the prices of the underlying bonds. When these reach prices high enough to eliminate a reasonable profit the incentive for issuing currency is lacking. It is, therefore, not taken out by banks until the prices recede from the sale of bonds and other causes. The prices of bonds are usually high during the time of greatest prosperity and when currency is most needed. This prevents the expansion, which under other circumstances would doubtless take place. Notwithstanding this fact,

Congress in 1882, put a limit of \$3,000,000 to the currency which could be retired by all the National banks in the United States in any one month in the year. Many banks were, therefore, unwilling to issue currency, knowing that it was not optional for them to retire it when no longer needed. While it is true that the Aldrich bill recently passed by Congress has increased this limit to \$9,000,000, National banks are now so numerous that this increased amount is not sufficient to answer its purpose. Currency, as the speaker well remarked, is a tool of commerce, and its natural contraction or expansion should not be forced any more than a farmer should be required to use only one horse for his work when he can afford two; or be compelled to use two when he finds one sufficient for his needs.

World's Output of Securities.

A table has been compiled by the French Government showing the amounts of new capital raised throughout the world yearly since

1871, the year marking the termination of the Franco-German war. This table also shows the percentage that each year's flotations bore to the 1871 total. Below are given the amounts in dollars, for each tenth year beginning with 1871, and for each year since 1901.

| Year. | Amount | Ratio to 1871. |
|-------|-----------------|----------------|
| 1871 | \$3,120,000,000 | 100 |
| 1881 | 1,440,000,000 | 46 |
| 1891 | 1,520,000,000 | 49 |
| 1901 | 1,980,000,000 | 63 |
| 1902 | 4,380,000,000 | 140 |
| 1903 | 3,680,000,000 | 118 |
| 1904 | 2,880,000,000 | 92 |
| 1905 | 3,820,000,000 | 122 |

The total for the thirty-five years amounts to nearly \$65,000,000,000. Complete returns are not yet available for 1906, but during that year new securities to the amount of \$1,637,000,000 were issued in America, while England reports a grand total of just over \$600,000,000.

The grand total of new securities authorized in the United States since the beginning of 1907 by railroad, traction, and industrial companies is \$1,106,738,900, which compares with \$882,370,214 in the corresponding period of 1906, an increase of \$224,368,686.

Of the amount thus authorized, approximately \$600,000,000 has been issued. The remainder, as a rule, has been held back because of the unresponsive state of the money market.

New Uptown Bank Building.

Work is well begun on the five-storey bank and office building to be erected for the Bank of Toronto at the northwest corner of Guy and St. Catherine streets.

The building will be classic in style, with four Corinthian columns across the St. Catherine street front, and eight pilasters on Guy street.