

4. What were the reasons advanced for giving the emergency circulation privilege to the banks?

5. Under what conditions was the national banking system established in the United States?

6. In what way did that system provide a market for United States bonds?

7. What were the requirements with respect to the legal reserves of national banks before the federal reserve act was passed in 1913?

8. What is meant by "seasonal demands" for bank note currency? In what way have the bond-secured notes of the national banks met that demand in the past? Show the superiority of Canadian notes in these respects.

9. What difficulties arose owing to the lack of unity in the national banking system?

10. What types of banks exist in the United States? Which issue notes? What are, in general, the functions of each?

11. Distinguish between clearing-house certificates and clearing-house loan certificates.

12. Are clearing-houses more important for checks than for notes? Why?

13. Why was the expedient of "combined reserves" resorted to by the banks belonging to the various clearing houses in the United States? Would it be of advantage to combine the reserves of New York banks regularly and permanently?

II. On Lesson.

14. Why have the national banks troubled themselves about combined reserves? Is there really less money in the country in time of panic?

15. State briefly the essential provisions of the Aldrich-Vreeland Act of 1908 and explain their purpose. Contrast with Canadian methods of issuing emergency circulation.

16. What are the arguments in behalf of a centralized banking system?

Questions for Written Answer.

17. Compare the Canadian and American system of banking with respect to (a) examination of banks; (b) basis of note issues; (c) ability to serve every part of the country. (Note: The national banking system as it existed up to 1913 should form the basis of comparison. The changes effected by the federal reserve act of 1913 will be considered in the next lesson.)