they are a mere make-believe security, a sort of financial bluff to the public. How the American system sits on the banks as the old man of the sea did in the Arabian story is well illustrated by the following comparison:

	Capital.	Circulation.	Per cent.
National Banks of New York. ...	$90,900,000	$44,768,200	38
Canadian Banks.	70,270,408	55,035,701	78

If the New York banks had increased their circulation to the proportion of the Canadian banks they would have added $36,134,000 to their resources, which would have prevented the panicky situation arising. That, however, was not their game, which was, to aggravate the stringency in order to fleece borrowers. The Government either never realized the urgency of relief, or was held back by the great monetary interests which were profiting by the stringency. Such a panic, when the Treasury was bursting with cash resources, was a disgrace to the Government.

When the American financial wagon was stuck fast the governing bodies of the Republic had not smartness and energy enough to relieve the situation permanently by putting their shoulders to the wheel and so improving the road as to make it as convenient as it is in Canada for the progress of banking. It might be most truthfully said that the National bank or currency laws in force in the States appear to have been designed to place serious obstacles in the way of the expansion of currency supplies to meet the exigencies of business needs, and thereby to bring about periodically a condition bordering on financial panic. Our neighbours might profitably endeavour to solve this problem; "Why should the amount of notes issued by a bank be regulated by the extent of the money it has locked up in Government bonds?"

THE "TRUSTS."

President Roosevelt is continuing his aggressive campaign against the trusts, and has already done good service in at least clearing away many popular misconceptions as to the character of these institutions and as to the practicability of some of the methods suggested for reforming them. To begin with, the President points out that many of the institutions, most cordially disliked by the public and commonly and loosely referred to as "trusts," are not trusts at all, but large industrial corporations with enormous capital. The importance of the distinction lies in the fact that legislation simply designed to restrict, control or abolish combinations of industrial enterprises, formed for the restraint of trade, or the artificial stimulation of prices, could have no application to institutions under a single corporate ownership and which are only exceptiona in their character and in their power for doing injury to the public interest by reason of their magnitude. Then he disposes of the very prevalent idea, that free trade is a sure cure for the trust evil, by pointing to the anthracite combine, the produce of which is already on the free list. Mr. Roosevelt also mentions the Standard Oil Trust as an instance of a gigantic corporation, in the enjoyment of an oppressive monopoly, which could he but slightly affected by any changes in the tariff. Then the President protests against the application to the trust of any remedy which will incidently do more harm to the general community than to the trusts, such for instance as by an indiscreet lowering of the tariff. Finally, he suggests rather than asks a question well worth consideration, "What would be the effect upon the community in general of a sudden destruction of these vast industrial institutions? President Roosevelt's speeches are calculated to do good if they set the people of the United States thinking about the trusts, even if it involves less talking about them, and if they tend to weaken the national faith in the possibility of performing economic miracles by coercive legislation. It is easier to expose the quack nostrums than it is to prescribe effective remedies for the trust evil, but the President seems to be on the right track in asking as the first condition of successful treatment, for the creation of a sovereign power with authority to legislate upon the affairs of the trusts in all their bearings, no matter what their origin. It is a striking anomaly, that while practically the whole nation is denouncing the trusts, the trusts derive most of their powers for mischief from legislative action taken by the elected representatives of the people in the various state legislatures and in Congress. Certainly, money itself implies power, and it will take some pretty clever legislation to prevent vast aggregations of capital in the hands . shrewd men from exercising a potent influence in .he industrial world. Nevertheless, in the early stages of their development, they are organized and acquire all sorts of privileges and facilities by legislative enactment. Probably in most countries commercial corporations are created upon terms suggested by their promoters, and with but meagre restrictions in the public interest. Private bills and royal charters create institutions which public bills and Government supervision are powerless to control.

The worst evils in this connection are due to overcapitalization, and to unjust discriminations. For instance, the anthracite monopoly and the coal oil monopoly owe their existence chiefly to exceptional terms granted by the railway companies. The people who are clamouring for a destructive campaign against all the big financial institutions loosely