

world. Answering a question by the Investigating Committee I said: "If you ask me whether I think it is right to take insurance moneys and devote them to political campaigns, I answer 'No, a thousand times, no!'"

"Now, as to the future:

"The gold standard has been irrevocably adopted.

"Therefore, the question of similar contributions cannot arise again during this or any subsequent administration of the New York Life.

"However, in order definitely to express and fix the company's position I shall ask the Board of Trustees, at its next regular meeting, to pass a resolution which will make it clear to every policy-holder and to the public that the New York Life will never contribute money to any political organization for any purpose whatever."

The universal and most emphatic disapproval which has been expressed by presidents, directors and managers of insurance companies, in concert with the Press and policy-holders, of contributions of insurance money to political party purposes, will be effective in preventing the recurrence of this evil.

THE UNITED STATES CURRENCY SYSTEM.

"THE BEST IN THE WORLD BUT NEEDS IMPROVEMENT,"
SAYS THE SECRETARY OF THE TREASURY.

At the Convention of the Ohio Banker's Association the secretary of the treasury delivered an address in which he said:

"The fact, and I think it is a fact, that the United States has the best currency system in the world, does not imply that the currency system of the United States is perfect or that it cannot be improved. It is as safe as any system in the world because it is established on the only safe basis known to man—the gold standard. It is the most convenient system in the world because it is constructed on the decimal or metric system. It is not necessary to carry a lightning calculator in order to make change."

Had he said, "The United States currency system is one of the worst ever-invented," he would have been nearer the truth. Its defects are manifold and serious. The secretary of the treasury gave himself away when he admitted that:

"The United States currency system is not perfect largely because it is non-elastic. It fails to respond in volume to the changing needs of seasons and of localities."

This notorious lack of capacity to respond to the changing needs of seasons and localities is so serious a defect as to rank it as a very bad system. It is as though a city provision market were so organized as to be incapable of expanding and contracting in response to the conditions and needs of different seasons, so that there would be no correspondence between supply and demand. Such an arbitrary condition would cause prices of provisions

to rise and fall in the most eccentric manner, just as money rates do in the United States for lack of a currency system having correspondence with the demand for money.

The secretary of the treasury thinks:

"There will be no further currency legislation until we shall have experienced a panic, occasioned by this want of elasticity, I am convinced. The country does not appreciate the danger, and until the danger is fully understood no remedy will be applied. We came nearer such a panic September 30, 1902, than most people appreciate. The fact that we then escaped does not raise a presumption that we will always escape it."

That a currency system may by its defects create a panic, yet must be regarded as "the best system in the world," is a glaring contradiction in terms. He describes the situation created by this "best system" as follows:

"Annually we have an excess of money during the spring and summer months. Annually we pass through a period of anxiety as we approach the period of crop moving, for annually the volume of money is relatively insufficient to meet this sudden increase of business. We do not need and must not have inflation. The average amount of money is, in my judgment, abundant. The difficulty lies in the fact that the volume remains stationary."

Under the Canadian system we have no anxiety as we approach the period of crop moving, but regard the extra demand with complacency as the increased supply of currency is proportionate to the enlarged demand.

He asks, "What shall be the remedy, shall it be asset currency, I answer, No. Shall it be emergency currency? I answer, No." He then protests against the use of Clearing House certificates in connection with the currency, also against the free coinage of silver, the threat of both of which he considers contributes to that distrust which prevents foreign bankers from keeping their international balances in America. His favourite remedy is,

"A method which involves the right of national banks to increase their circulation in any amount, perhaps equal to 50 p.c. of their outstanding volume of Government bonds secured circulation, on which the bank should pay a tax of 5 or 6 p.c. during the time it is maintained, and the Government in consideration of this tax should guarantee its redemption."

"You may call this, if you please, an emergency provision. So it is, but it injects into our circulation no new form of money as an element of alarm. By eliminating the one statement on the present bank note, 'This note is secured by bonds of the United States,' the additional currency could be made identical with that based on Government bonds. *The Comptroller of the Currency and the bank issuing the currency would alone know of its existence.* It would not advertise its existence or our extremity, and I can scarcely conceive of conditions under which it would remain out sixty days."