WANTED—ELASTICITY IN U. S. CURRENCY.

SINCE the Government has taken the entire control of the currency, it seems to be a necessity that some financial measure be adopted that will give elasticity to it; for during some portions of the year much more currency is wanted than at other seasons.

It is already predicted that in October and November the money markets will be extremely light, from the fact that more currency will be wanted to move the produce than can be furnished by the banks.

In order to understand the argument and the case that we shall try to bring out, it is necessary to understand the bank machinery of our cities where there are Clearing Houses:

The clerk of a Clearing House bank takes all the claims on other banks to the House, and gets in turn all the claims that the other banks have on his bank. He then readily ascertains for himself, and is also informed by the manager of the House, how the balance stands. In other words, ascertains whether he is Dr. and has to pay money, and if so how much, or whether he is Cr. and has to receive money, and if so how much. The exchanges are made at 10 o clock, and the balances paid and received at 1 o'clock.

Three quarters of the banks sail close to the wind; that is, they manage to have on hand just about money enough to cover their 25 per cent. reserve. Hence it is evident that the balance at the Clearing House is the key that springs a contraction or permits an expansion. If a bank is debtor too great an amount, away goes its reserve money, which must be regained the next day by calling in loans. If a bank is Cr., then its ability to loan money depends on circumstances. Its credit may have been the result of calling in loans expressly to concentrate currency to send off on orders.

It is evident, then, that when the country calls for currency in large amounts, the banks will call in their loans, or "contract." The logical result is that the banks are forced into a contraction when money is wanted, and they are at times induced, by their easy position, to expand when money is not needed.

It is our design to work up a financial measure to obviate, if possible—to ameliorate, at least—this bank kink, and bad kink, in our financial machinery.

To be of solid service, our financial measure should operate as a check on expansions, as well as a break on contractions, and at the same time give the country an enlarged volume of currency when business requires it, and a diminished volume at other times: and incidentally to ward off any great revulsion in the price of Government bonds in a panic.

These we claim to be the features of our proposed financial measure. The necessity of elasticy will be obvious in due time, probably before New Year's.

Our measure is this, the Treasury to have ready, after being authorized by Congress, any required amount of Greenback Currency; and the Assistant Treasurers in New York, Boston, and Philadelphia to be furnished with it, to loan on call at 7 per cent. interest, taking Government bonds as collateral security at 15 per cent. under their market value.

That is all; nevertheless it is a great measure. It is not desirable that the Treasury become the loaner of money except on emergencies, we therefore have proposed a high rate of interest and a strong margin.

No one will borrow on these terms except the money market is very bad, and the loans will be paid off as soon as the market is slightly easy; still there will be times, we think, when from fifty to one hundred millions will be wanted.

This measure will check-mate the gamblers in stock who sometimes hoard greenbacks in order to intensify a tight money market.

Until recently the currency has had a power of expanding and contracting.

Take, for instance, the Honesdale Bank of Penn., which, with a capital of $100,000, occasionally issued $800,000 of currency, principally on the drafts of the Delaware and Hudson Coal and Canal Co. The New England banks were very elastic in their currency movements, often furnishing millions for 30, 60 or 90 days, to the West, with which to move the crops. None of this elasticity is available for the National system.—*Bank Note Reporter.*

ST. JOHN TRADE REPORT.

ST. JOHN, N B. August 3, 1867.

THE business of the week has been of a very quiet character, and outside of the manufacture and shipment of lumber there is very little doing. The weather has been very unsettled, and hay making has been a good deal retarded in consequence. Last night we were visited with a terrific storm of wind and rain—which happily was of short duration. One large ship dragged her anchors, and came very near drifting through the Falls. In a critical spot her anchors fortunately held, and by the aid of steam tugs, she was this morning got back to her berth.

The shipping arrivals of the week have again been very limited. We have had one ship from Liverpool, with coals and salt, two from New York, and one from Boston, with general cargoes, and the usual tri-weekly steamers from Boston and Portland.

Exchange has been in tolerably brisk demand, but no advance has taken place, though previous rates are fully maintained. Bank 60-days Bills on London, are sold at 10 per cent. premium, and Sight Bills at 11 per cent.

LUMBER.—The clearances of the week comprise 13 vessels for ports in Great Britain, with timber and deals, and six to United States ports with boards, laths, and other sawn lumber. The market is dull and, influenced by the tone of late advices from Britain, prices have a downward tendency. Freights are dull, and although there is very little tonnage offering, it appears to be sufficient to meet the requirements of shippers. There is no change in rates since last week's report. spruce logs $5 25 to $5.50 per m; deals $8.25 to $8 50; sapling pine logs $4 to $6; shipping pine boards (common) $10 to $12; spruce laths $1 to $1 10; spruce palings $6 to $8 50; shingles (cedar) $2.25 to $2.50; shingles (pine) $3.50 to $4 50.

Comparative statement of exports of lumber from the port of St. John, for July, 1867:—

	1867.	1866.
Deals and deal ends s. f	28,592,320	28 052 621
Boards, scantling and plank s f...	2,830 127	4,860 941
Pine timber, (tons).	2,366	4,073
Birch do. do	608	2,434
Pickets m	1,060	611
Shingles m	200	2 216
Laths m	6,578	3,700
Lathwood cords ..	123	80
Spars, sleepers and knees	976	1,379

The principal miscellaneous exports are comprised in the following list.—alewives, 1,287 bbls, lobsters, 305 bxs, herring, 604 bxs, salmon, fresh smoked and spiced, 2,984 bxs, shad, 323 hf bbls, iron, 7,432 bars, iron knees, 6 tons; manganese, 824 bbls; hardware, 7 pkgs, glass, 13 boxes; carbonaceous shale 20 bbls, cedar posts, 200, haberdashery, 15 pkgs, brandy, 6½ casks, molasses, 5 hhds, eggs, 546 bbls, cod oil, 40 casks; hay, 672 bales, horses, 21; nails, 329 kegs; rope, 29 pkgs, sewing machines, 261 pkgs, spool blocks, 418 cases, broom handles, 90,000, curtain rods, 20,688, matches 30 cases, paper collars, 10 cases.

FLOUR, &C.—The market still keeps unusually bare of good flour, the little which has come to hand during the week having been at once taken at exceptional rates and for immediate consumption. We hear of large shipments being on the way, which have been anxiously expected for some time; and we have been informed of several parcels despatched more than three weeks since which have not yet come to hand. *There must be something defective in the forwarding* arrangements when this is the case, but nobody seems to know whence the delay arises, whether it is owing to detention at Portland, or whether it arises from the superabundance of traffic on the Grand Trunk Railway, and we merely call attention to the facts. It really seems a little too bad that it should take nearly twice as long a time to convey a barrel of flour to St. John as it would to convey it to Liverpool, yet such, in a great number of instances, is actually the case. In quoting actual prices of to-day, it must be understood that they apply to sound flour only, and that any considerable quantity arriving, they would at once give way.—Strong Superfine, $9.50 to $9.75; Ordinary, $9 00 to $9.25.

CORN MEAL has declined under the influence of abundant receipts, and is now worth $4 75 to $5 00.

OATMEAL maintains its price pretty steadily, having apparently been but little effected by the fluctuati in the price of Flour. In this market it is generally disposed of in small quantities to as nearly as possible actual consumers. A considerable quantity comes from P E Island; but the Canadian Oatmeal, which has found its way here, seems to be equal in quality. Price per bbl, $6.75 to $7.00.

Receipts of Bread Stuffs for the month of July, 1867.—Flour, 7 334 barrels; Meal, 1,752 do. This is exclusive of any conveyed down the St. Lawrence and via Shediac, the returns of which we have not yet been able to obtain.

PROVISIONS, &C.—In Provisions there is no change to report. There is considerable firmness in sugar and molasses, with a prospect of an early advance.

The following is a list of the principal imports of the month.—Pig iron, 320 tons, iron bars, bundles, and sheets, 47,310, nails and spikes, 1885 bags; tin plates, 305 boxes, chain cables, 54; anchors, 51; anvils, 23; coal, 2613 tons; Y. metal 398 rods, salt, 330 tons, 2995 sacks, oakum 600 bdls., rope, 765 packages, glass, 231 boxes, pitch and tar, 28 bbls, cement, 500 bbls., bricks, 86,000; flour 7394 bbls.; meal, 1752 do; pork, 130 do, beef, 70 do, barley, 208 bags, cheese, 170 boxes, tea, 1193 pkgs; sugar 128 casks, molasses, 238 hhds, tobacco, 498 pkgs.; liquors, 580 do., general merchandise and sundries not enumerated, 4775 pkgs.

Some stock of Bank of New Brunswick, sold at auction a few days since, realised 130, and 27 shares of Commercial Bank brought 45.

PICTOU, N.S., MARKETS.

[From Circular of Joseph F. Ellis.]

PICTOU, N.S., July 31st, 1867.

THE weather continues favourable to vegetation and justifies a repetition of accounts furnished in last issue. The hay crops now being gathered in, are pronounced excellent in quality and hardly equalled in former seasons.

We have to note a slight increase in trade. Coal freights are getting a little more active. Most of the transactions, however, belong to the Mining and Gas Companies—few special charters offered.

The Provision and Produce Market very irregularly supplied,—prices in consequence being quite eccentric. The Flour demand active. The market was quite bare during latter part of last week, and the demand quite brisk. Receipts since last report about 4,000 barrels, mostly all old grain, and common brands. A special lot of No.1 Dundera mills, fresh ground, from Halifax, realized a good figure, and sold readily. Cornmeal is in tolerable demand, prices fair, but holders of small lots in market, not firm enough to maintain profitable prices. A lot of rye flour, of good quality offered at fair price, but no purchasers, very little used in this market. Oatmeal scarce, and at firm quotations. There is an entire absence of vegetables. No potatoes to be obtained, the new crops will, however, soon be in the market.

MOVEMENT OF STEAMERS.—Iron steamship "Lady Head," Marmon, carrying mails, passengers and freight, leaves Quebec every alternate Tuesday, calling at Gulf Ports, and generally arrives at Pictou on the following Saturday, returning *via* intermediate ports on the following Tuesday. Iron steamship "Secret, Davidson, leaves on every Tuesday of opposite week, carrying passengers and freight over same route. Fare to Quebec, $16. Steamers "Princess of Wales," and "Heather Belle," keep up tri-weekly communication with P. E. Island on Monday, Tuesday, and Friday, the farmer visits Port Hope on Friday; all connect with the train to and from Halifax. The steamer "Flamborough," first of the New Dominion line, is to ply hence to Montreal direct, and will leave *in a few days.*

FREIGHTS.

Coal to Boston, per ton..................................	$2 75
" Providence, "	2 80
" Halifax, "	1 25
" Charlottetown, ...	0.90
Per barrel from Quebec to Pictou....................	0 50
" Pictou to Charlottetown... ...	0 17
" Halifax to Pictou by rail, according to quantity....................	0.30

CHARLOTTETOWN, P. E. ISLAND TRADE REPORT.

(From the Circular of Archibald McNeill.)

CHARLOTTETOWN, P.E.I., July 27, 1867.

FREIGHTS.—*To Halifax* oats, 5c to 7c, potatoes 7c to 8c; oatmeal, 40c, butter, per 100lbs, 35c, fish per bbl, 50c; pork per bbl, 50c, oysters per bbl, 50c. To Boston: oats, 12c cy, oatmeal, 60c cy, butter, $1 cy, per 100lbs, fish $1 cy, per bbl; oysters, per bbl, 75c; eggs, $1 cy, per bbl. To Shediac, 30c per barrel bulk. To Pictou, 20c per bbl bulk. From Toronto and Hamilton, *via* Suspension Bridge and Boston and Colonial Steam Ship Company, upon through bills of lading, $1 per bbl for flour. Flour from Boston, 40c. Oats to England, 8d to 9d sterling, per 45 lbs.

STEAMERS.—Leave Charlottetown for Pictou, Canso, Halifax, and Boston every Monday afternoon, and for Pictou every Tuesday, Thursday, and Saturday mornings, connecting with railroad for St. John, N.B. They leave Boston on Tuesday, and Halifax on Thursday, of each week, for this port. Shediac every Wednesday and Saturday on arrival of train from St. John, and Pictou every Monday, Tuesday and Friday, on arrival of train from Halifax.

MONEY.—Bank rates for discount 7½ per cent. per annum, with a very little business doing.

CURRENCY.—The Currency of this Island is equal to 50 per cent on the sterling, the Sovereigns being worth 30s. currency, 4s.8 sterling being equal to 6s. currency, or $1.

FLOUR.—Supply limited. During the week the demand has been more active for good sound grades. We place to-day a small lot of fancy extra at 58s. cash. Receipts for the week 799 barrels from United States, and 101 bbls from Canada. Duty on American flour 1s. 6d. per bbl. Canadian, free.