

RESTORATION OF GOLD STANDARD WILL READJUST UNIQUE MONETARY SITUATION

The United States and South American and Oriental nations, which as a consequence of the war have an abnormal proportion of the world's stock of gold, may reasonably expect a persistent drain on their holdings of the metal until an approximate world equilibrium has again been restored, the National Bank of Commerce in New York, says, in the May number of its magazine, *Commerce Monthly*. This will compel the nations so situated to readjust their credit structures within themselves. At present, the bank declares, the world monetary situation is unique as a result of the war which overturned the currency systems of Europe.

A return to the gold standard throughout the commercial world seems to be the most practicable solution of the current monetary problems, according to the bank. To bring about this return, it says, the prevention of additional inflation, the more or less gradual reduction of the volume of outstanding currency and credit and the increase of production are necessary. A prediction that gold will be employed for money uses more effectively in the future than it has been in the past also is made.

It is shown in the article that between 1913 and 1918 the money stocks of gold in France decreased from \$1,200,000,000 to \$354,000,000; in Great Britain, from \$830,000,000 to \$596,000,000; in Russia, from \$1,012,000,000 to \$412,000,000, and in Germany from \$916,000,000 to \$720,000,000. Meanwhile in the United States the gold money stock had increased from \$1,905,000,000 to \$3,165,000,000. Using the year 1913 as a 100 per cent. basis, currency in the larger countries had by 1919 increased as follows: United Kingdom, 244 per cent.; France, 375 per cent.; Italy, 435 per cent.; and Germany, 875 per cent. During the same period the currency expansion in the United States reached only 171 per cent.

In countries which have developed the use of credit to a high degree, the war occasioned a similar expansion in the volume of credit, it is pointed out. In England, according to a recent estimate, the volume of bank deposits, exclusive of those in the Bank of England, approximated £1,070,000,000 prior to the war and at the end of 1919 totalled £2,300,000,000, an increase of 115 per cent. In the United States deposits subject to check increased from \$8,520,000,000 in June 1913 to \$21,064,000,000 in June 1919, an advance of 147 per cent.

"The war played havoc with the world's money, and its restoration to soundness is one of the major problems now to be solved," the bank says. "Good money is necessary to the working of our existing

industrial order. The restoration of money standards that will be reasonably uniform throughout the commercial world and reasonably stable over periods of time, clearly is desirable. A return to the gold standard, which constituted a workable system before the war, seems the most practicable way out of present difficulties.

NEW BRITISH BOND ISSUE

So far the prospectus of Mr. Chamberlain's new Treasury bonds has failed to cause any enthusiasm, being launched as it is at a time of acute stock exchange depression. The bonds, however, are assured of some measure of success, as the banks and other large holders of Treasury bills will buy a certain proportion of bonds as their bills mature. The sole purpose of this issue, which will be on tap until further notice, is to repay the floating debt consisting of Treasury bills and temporary advances from the banks.

The new bonds will receive 7 per cent. interest when the Treasury bill rate averages $6\frac{1}{2}$ per cent. and 6 per cent. when the bill's rate averages $5\frac{1}{2}$ per cent. This arrangement will hold until 1925, when the minimum 5 per cent rate commences, but the holders can then demand repayment at par at a year's notice. These bonds are obviously experimental, but if they are unsuccessful the Government may be expected to adopt some sort of capital levy to reduce the unfunded debt, which is regarded as the one basic cause of the present inflation.

Meanwhile the stock markets are depressed and despondent owing to liquidation due to further loan curtailment. Evidently the total volume of loans for speculative purposes was enormously larger than was generally believed.

START CANADIAN BRANCH

The council in London, England, of the Chartered Institute of Secretaries of Joint Stock Companies has inaugurated a Canadian branch of the Institute at Montreal.

At a meeting of chartered secretaries resident in Montreal, the following officers were elected in this connection Chairman, Wm. MacInnes, of the Norwich Union Fire Insurance Society, Ltd.; vice-chairman, E. R. Whitrod, of the Star Publishing Co., Ltd.; honorary treasurer, H. J. Williams, of Harrisons and Crosfield, Ltd.; honorary secretary, J. W. Benson, of the Canadian Import Co.

The examinations for the professional membership of the Institute are held at McGill University, and embrace Mercantile Law, Company Law, Economics, Secretarial Practice, Accounting and certain optional subjects relating more particularly to the special phase of secretarial activity to which a candidate is engaged.