What United State Bankers Propose.

FOR years past, advocates of a credit currency for the United States have been carrying on their campaign. But it would seem to have required recent financial developments to give practical impetus to their efforts The continued scarcity of capital for permanent investment has of late served to emphasize the need of an expanded currency for special seasonal demands, and the resultant effect upon banking opinion was the action taken at the Atlantic City convention.

The plan certainly will not seem revolutionary to anyone familiar with the Canadian currency system. Indeed it is far from embodying the latter's full principle of an asset-basis for note circulation. The proposal is to authorize national banks to issue notes, up to an amount not exceeding 25 p.c. of their capital, which need not be specifically secured by deposits of Government bonds at Washington (as are notes at present) but may, instead, be generally secured by each bank's total of assets. There are other restrictions suggested than the limitation to 25 p.c. of capital—one being that the new notes thus issued shall not be in excess of 40 p.c. of its bonds to secure the old type of circulation; another, that such issues shall be taxed at the rate of 2½ p.c., and part of them at 5 p.c.; and a third, that against the new notes, reserves of lawful money shall be held in the same proportion as required by existing law against deposits.

The guarantee feature of the Canadian currency system is to be provided for, according to the American Bankers' plan, by funding all the proceeds of the circulation tax—certainly a provision abundantly, or superabundantly, ample. It will be noted that the currency plan recommended by the New York Chamber of Commerce a year ago did not include the foregoing provision for reserves against notes. The advocates of its addition to the system as then outlined consider that it has the merit of linking the note issues to the supply of legal tender money, and preventing unwise inflation.

Egypt's Demand for Gold.

The demands of Egypt for gold, in connection with its autumn crop-moving, form a factor of no small importance in the London and general money market situation. Various estimates as to the required amount this year are being made. In October, 1906, over $22,000,000 was imported, and there are those who consider that the present cotton crop at ruling prices will require over that amount this month, and more than a total of $60,000,000 by the 1st of February, 1908. Much depends, of course, upon whether local banking facilities have reached their limit, as recent imports of gold are considered by some to indicate. Other financial authorities consider that the bank's reserves are in unusually good shape, and that the autumn drain upon European gold will be smaller than is generally expected. Those holding the latter view explain that when the crisis—of which the Alexandria Stock Exchange collapse was the visible outcome—grew acute, the banks imported gold very largely, an action which naturally disturbed the London market. But the forseen difficulty did not assume the panic proportions which the banks had guarded against, and did much to avert. Since then not only has Egypt liquidated her debt for gold, but has turned the balance the other way, so that between the first of the year and the close of July, its exports of gold were about two millions of pounds greater than its imports.

The more optimistic observer at once concludes that the banks would not have parted with this two millions were they not able to afford it—while, on the other hand, one less hopeful may hold that the excess returned to the world's treasury "only represents the unlawful surplus drawn by Egypt in 1906 for speculative purposes of its own." However, this much seems fairly established—that the banks are determined not to be caught napping and have been making all possible efforts to strengthen their position.

Trade Proposals to Australia.

The following proposals for preferential trade with Australia, are announced by the Melbourne Argus as having been laid before Sir Wm. Lyne, Finance Minister of the Commonwealth, in a letter from Mr. D. H. Ross, Canadian Commercial Agent. "Some of the leading lines of Australian exports to Canada," the letter is said to have stated, "are admitted free of duty into the Dominion, whereas there is not one of the leading lines of Canadian products admitted into Australia with equal consideration." It was pointed out that Canadian goods would not compete with British, but rather with those from the United States, and that climatic contrasts between the Dominion and the Comonwealth would tend to facilitate reciprocal trade, especially in seasonable products. It was further suggested that in addition to any special goods to be agreed upon, the Australian preferential tariff on British goods should be extended to all Canadian goods and products; and that the Canadian preferential tariff should be similarly extended Australia-wards. The letter also requested that an appointment might be made by Sir William Lyne with the Canadian representative for a full discussion. Sir William, however, while prepared to discuss the matter, was reported as not willing to consider any proposal in connection with the then existing tariff.