

monetary circulation of that country consists mainly of notes of the Bank of France, which holds in reserve an amount of gold and silver, equal to the circulation.

The French take more pains than the British to investigate the position of their internal resources, and an official enquiry is made from time to time in France into the composition of the circulating medium of the country, to ascertain what proportion of it consists of coin and what of notes of the Bank of France.

At all the numerous offices of the chief banks of France an inventory was taken of the cash in their safes on 15th October, 1903. The sums examined amounted to \$56,262,000, of which 85 p.c. consisted of notes of the Bank of France. Gold coin was only 9 p.c. and the balance was in 5 franc and smaller coins.

As a result of these enquiries it is found that payments in Bank of France notes is increasing and the use of coin falling off. This we believe is the general tendency in all leading countries. In France silver coins at one time were the bulk of the currency whereas the proportion of silver coins in use is now trifling.

It is notable that districts in France where gold is most used are the least advanced and least wealthy. This, no doubt, indicates the people being isolated from the chief centres of commerce and industry where a paper currency is more popular as being more convenient than gold coins.

The gold in the Bank of England has been said to be as useless as if at the bottom of a mine. This is irrational. The gold reserve in the Bank of England is the pivot on which all the business of the country turns. It is held to meet any sudden demand, whether caused by trading movements, or the balance of a foreign loan.

There is a great difference between France and England in this respect. The gold in the issue department of the Bank of England varies from \$160,000,000 to \$165,000,000, while the gold in the Bank of France varies from \$500,000,000 to \$550,000,000.

The circulation of a large body of notes and the universal use of cheques and drafts in the United States approximates the currency to that of Great Britain, but the differences are great.

There is no bank in America answering to the Bank of England or any that have branches like those of the United Kingdom. The use of small cheques and demand drafts in the States is far more general than in England. Cheques on the Bank of England are used for the settlement of Clearing House balances for which gold is largely used in the United States.

The United Kingdom and the States afford an example of a currency consisting very largely of

cheques, while France rather illustrates the system of relying on note issues. For utter chaos China is the great example as regards currency. In one city 60 currencies exist! Money has its value fixed by weight as in times of remotest antiquity. Silver coins in China fluctuate in value with the price of silver bullion, so, in tendering silver its value has to be negotiated between debtor and creditor, buyer and seller. Such a state of financial barbarism paralyses the advance of China in civilization. That Empire is indeed crucified on a cross of silver as the States would have been had Mr. Bryan's scheme been carried out. Silver is now worth only one half its value 30 years ago.

The notes currency of Scotland and Ireland rests on a gold basis analogous to that of the Bank of England, so when an extra demand arises for notes in those parts of the United Kingdom the gold resources have to be enlarged by gold from the Bank of England. This we regard as a highly objectionable necessity as it occasionally drains the Bank of England reserve when the operation causes inconvenience in the money market which is so sensitive to reductions in the gold reserve of the Bank of England.

The truth is that the whole currency system of the United Kingdom is too empirical, too rigid, too bound up with the gold reserve of one bank. An enormous addition might be made to the monetary resources of the United Kingdom were the currency system of Canada adopted wholly or in part.

The continuous running to the nearest branch of the Bank of England for bank notes to be exchanged for gold for wage-paying purposes demonstrates that the Bank of England £5 note is an exceedingly defective instrument of currency for it is not available for one of the constant demands for a kind of money that is available for periodic payments of wages amounting every week to many millions. There being no notes of a lower denomination in England than £5 (\$25), it is found necessary in some establishments to pay employes in groups, who have to get a note changed by a storekeeper, or publican at a sacrifice of a certain charge in the exchange. In some very large factories the small cheques received during the week are used to pay wages on the grouping system which, though convenient to the employer is most unfair to the men. Some firms pay groups of employees by cheque on their banker, which cheques not infrequently are a source of considerable business to a "pub." It is, indeed, amazing that the English people have not long ago demanded a more rational notes currency than £5 notes, more especially when they must be more or less familiar with the great convenience enjoyed by the people of Scotland and Ireland by having