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BRITISH BANKING RESERVES.

The prolonged debate on the question of English bank reserves has been perceptibly advanced by the recent publication of the report of the Gold Reserves Committee appointed in the early part of 1908 by the London Chamber of Commerce. The committee was thoroughly representative of London commerce and finance, including such well-known personalities as Lord Avebury, Sir Felix Schuster, Sir E. H. Holden, M.P. (managing director of the London City and Midland Bank), Mr. J. Herbert Tritton (of Barclay and Company) and Mr. Lawrence Currie (of Glyn Mills Currie & Co.). The banking element being thus strongly represented gives interest to the first decision arrived at by the Committee: "That the Committee recognizes the desirability of strengthening the gold reserves of this country."

Rather unfortunately, the whole of the committee's recommendations are not unanimous. The majority suggest that the fiduciary issue of the Bank of England should be reduced; that a reasonable reserve in gold should be held against the deposits in the Trustee and Post Office Savings Bank;—that the banks should publish either monthly or three-monthly statements (according to the size of their business) showing the average amounts of liabilities and assets on the basis of preceding weekly balance sheets, differentiating between liabilities on current, deposit and other accounts, on notes in circulation and on bills accepted, and gold and other coin and bullion held, Bank of England notes held and balance due by the bank, and balance due by clearing agents; and, finally, that the Bank of England should make an annual return showing the aggregate bankers' balances for each week of the preceding year. The committee state that their decision in favour of larger gold reserves was influenced by the fact that the ground of aggregate liabilities, external and internal, has not been accompanied by a proportional increase of gold held by banks in the United Kingdom and they add that, in their opinion, larger reserves would modify fluctuations in the bank rate. The committee consider that all concerned should contribute to the cost of an increase in the gold reserves, notably, the Government, the Bank of England and the banks generally; while they urge in conclusion, that bankers should take this matter in hand at once if they wish to avoid legislative measures.

The report not being unanimous, reservations are attached by Lord Avebury, Sir E. H. Holden, and others. These reservations apart, however, it is suggestive of a quickened expert opinion on the subject that so influential a committee have thus reported in favour of gold reserves. Possibly, many will find the recommendations referring to the publication of monthly or three-monthly statements of greatest interest. Such statements are heartily to be wished for, as they would do away with the present practice of "window dressing"—a practice not only reprehensible in itself, but which has the practical disadvantage of curtailing supplies in the money market at a period of the month when there are considerable demands. The recommendation regarding a gold reserve held by the Trustee and Post Office Savings Bank will be contested in many quarters, it being strongly urged that these institutions are on a different footing to the other banks, and that creating no credit and issuing no notes, they ought not to be compelled to look beyond the reserve held by the Bank of England. On the whole, however, the report is suggestive and would seem to afford a basis for some definite proposals by the powers that be. Whether these powers have yet been sufficiently stirred on the subject to take action remains to be seen. Immediate action at all events is very doubtful.

GENERAL FINANCIAL SITUATION AND OUTLOOK.

Of the great international money markets New York is the one presenting the most interesting aspect. It is being studied most attentively by European financial interests who recognize that rates in Europe may be affected quite materially by happenings in the American metropolis. The week saw very little change in the interest quotations reported from the transatlantic markets. The Bank of England, the Bank of France, and the Bank of Germany, all maintained their existing official rates —at 2½, 3 and 3½ per cent. respectively.

In the London market, call money is quoted at ¾ per cent.; short bills, 1¼ to 1⅜; and three months' bills, 1 7-16 to 1½. The market in Paris is 1 3-16, the same as a week ago; and the Berlin market remains at 2⅛ per cent.

Financial London continues to exercise itself considerably over the Lloyd-George budget. Events of the week indicate that possibly the electorate will be given an opportunity to pass on the new principles of taxation. If the Lords force