solvent debtors whose paper they held. The circular pointed out that, for the time being, merchants could not collect their receivables, or realize on accounts owing to them, could hardly sell goods of any kind in quantity, or get paid for them if sold. As they could not borrow either, for the holders of their paper to press for payment, simply meant that they would not get it any sooner and would force perfectly solvent people into bankruptcy.

Appeals like this are timely, but they do not always have a great deal of effect. Many of the little banks holding the paper in question are frightened for their own safety and disposed to take every means of increasing their cash reserves no matter if their action does tend to aggravate the general trouble. When the fateful run on the Knickerbocker Trust Company was in progress the high officials made reassuring statements to the assembled depositors—but the Trust Company stopped at noon. So, when the Trust Company of America was under siege, the depositors replied to the reassuring statements handed out to them, "That's what they said at the Knickerbocker." No reassuring statement came from J. P. Morgan while he was wrestling with the panic. That wise financier knew that any statement would be futile, and that the only way to get back to a basis of confidence was to keep the banks and trust companies going, to repair the deficit in reserves, and to resume cash payments in full over the counter. All of that has not yet been accomplished.

CRITICISM OF UNITED STATES TREASURY.

Chairman Charles N. Fowler, of the Congressional Committee on Banking and Currency, has this week emphatically voiced the opinion of those who oppose the United States Government's emerency issue of $50,000,000 Panama Canal 2 p.c. bonds and $100,000,000 3 p.c. one-year treasury certificates. In his opinion the crisis of the currency panic had already been safely passed by the middle of November, through the action of the banks in issuing Clearing House certificates and cashiers' checks, and in the engaging of about $75,000,000 of foreign gold. Reasoning from the after-events of previous panics, his conclusion is that matters would have righted themselves more permanently—and not less promptly—without Government intervention. Mr. Fowler's relation to the movement for United States currency and banking reform gives special interest to the words below quoted, even though they be considered extreme by those who still hold that immediate needs justified the action of the administration:

"We shall find when the reaction comes and the changed condition are reflected in our reserves, beginning about the 15th of January, if not earlier, and increasing rapidly during the spring months until the reserves in our banks will probably exceed those of any preceding year since 1900—that this very $150,000,000, if unfortunately the increased debt shall be converted into bank notes, that these bank notes will not disappear and be automatically retired; but, that they will find a place in the reserves of the State banks, in the reserves of the trust companies, and to some extent —though they have no right there—in the reserves of the national banks. Now mark this: That every bank note held as a reserve will displace just that amount of gold and drive it out of the country. This is just what our silver purchases did from 1879 to 1894."

Mr. Fowler has been criticized for overlooking the fact that the Secretary of the Treasury may recall the certificates if currency redundancy results in serious exporting of gold. Still, even such a safeguard might not in practice prove altogether efficacious. "The trouble will be," a prominent Washington official is quoted as saying, "that the Secretary will not be able to do so in time to prevent the danger from showing itself. The department will not act in all probability until after symptoms assert themselves and the recall of the certificates will then cause trouble and do comparatively little good."

Besides the increasing of note circulation, the announced purposes of the Government issue were to draw out hoarded money and to attract further gold from abroad. Looking ahead to the time of counter reckoning and re-exporting, many bankers believed that the latter end is not desirable; and while they favoured the former purpose, they expressed some doubt as to whether 3 p.c. certificates would draw much gold out.

Evidently the administration has smarted somewhat under these criticisms of political friends and foes, for an apparently inspired Washington despatch has been widely circulated stating that while Secretary Cortelyou fully appreciated the fact, in announcing the issue of the certificates, that they might become a source of bank note inflation to a certain extent, he believes that the character of the certificates will prevent inflation from assuming a dangerous character, especially as it cannot last beyond the one-year term of the certificates; and it is believed that if banks find their circulation coming back upon them rapidly for redemption, they will retire their notes within the year, even though they continue to hold their certificates as an investment. They will not be hampered by the limit of $9,000,000 per month, imposed upon the retirement of bank notes, because the limit does not apply to securities which have been called for redemption.

Perhaps the most interesting part of the despatch is the statement that the situation is so rapidly improving that it is quite possible allotments will not be made for the full amount of $100,000,000 which Secretary Cortelyou announced a week ago would be offered to the public.