banks, might not prove so successful in a country where there are 6,000 National banks independently organized. Undoubtedly the question is complicated by so diffused a banking system, for it is essential to the success of a credit note system that there should be a certainty of constant redemption of notes on demand.

Congressman Hill's Plan.

The bill reported to Congress by the Committee on Banking and Currency would seem to fail in the very feature mentioned. The support given the bill by the more thoughtful financial press seems frankly to favour the proposed measure as an "entering wedge" rather than as in any sense a final solution. Seized with the importance of the defect noted, Congressman Hill, of Connecticut, recently proposed a plan already rejected by the Bankers' Committee, namely, a central reserve bank. Every national bank, instead of maintaining a 5 p.c. redemption fund in the Treasury as at present, would be required to invest 5 p.c. of its capital in this central bank of banks, to be managed by a board of directors, one to be chosen from each State by the national banks of the State. Such a bank, starting to-day with a capital of $40,000,000, should take over all the outstanding bond-secure circulation and with it all of the bonds pledged for the existing notes. It should act both as reserve agent of all banks, and as a general depositary for the United States Treasury. Its loans should be made only to banks and in precisely the same way in which a clearing house issues certificates to its constituent banks. "It would be entrusted with the privilege of loaning its credit in a form of asset currency, limited solely by the gold reserve and the legitimate necessities of the country. Being the sole note issuing power it could withdraw circulation at will, or transfer loans from one part of the country to another, as the note issuing banks of Europe do. In case of a redundancy, it could send a telegram to all its branches to retire a given percentage of its circulation. Such an arrangement would leave the metallic money under the control of the Government and turn the note issue feature over to the banks where it really belongs."

But Congressman Hill's plan, in its present form at any rate, seems to find scant support from bankers and students of finance. Practical difficulties, apparently too great to be surmounted, are cited by its critics. One objection that certainly seems well taken is the allowing of Wyoming or Nevada the same share in the proposed bank's direction as the State of New York whose banks contribute the major part of the clearings of the entire country.

But Mr. Hill's proposal has at least the merit of emphasizing the need for seriously considering the redemption aspect of credit currency in the United States.

Proposed Gas and Electricity Contracts.

By a vote of 21 to 19 the City Council has at last settled upon terms for the new contract with the Montreal Light, Heat & Power Co. The proposals as embodied in Alderman Payette's motion are in some respects along the lines advocated months ago by THE CHRONICLE.

While the city's offer has to do chiefly with the twenty-year period following the close of the present gas contract in 1910, there is provision made for an almost immediate sliding scale in the price of gas. After May 1, 1910, the company's charge both for cooking and lighting gas will be 90c the thousand. As to street lighting, gas lamps at $17 per annum are specified, these to be lit and attended to by the company. The rates for electric street lamps are to remain as at present, viz., $60, $30 and $15 per annum. The charges to private customers for lighting are not to exceed ¾ of a cent per ampere hour, or 15 cents per kilowatt hour, with a discount of 20 p.c. to 1910, and 33⅓ p.c. thereafter. For power purposes the offer provides a scale varying from $20 to $38 per horse power. The company is called upon to at once begin putting its wires underground, and is required to expend $200,000 annually until the work is completed. Should the city at some future date desire to do away with all overhead wires it may expropriate the conduit system of the company, which thereafter will be required to place its wires in the city's conduits and pay its proportionate share for construction and maintenance. The city further reserves the right to expropriate by arbitration the entire plant of the company upon giving a notice of three years before expiration of the contract. So soon as the city acquires 100 shares in the company's capital stock, the Mayor will ex-officio be a member of the Board of Directors.

The company is to pay to the city semi-annually a percentage of 3 p.c. upon the annual gross earnings. Shareholders are limited to a 6 p.c. non-cumulative yearly dividend, and the yearly amount that may be laid aside for depreciation is fixed at 1 p.c. of the present paid-up capital. Any surplus of profits over and above the items just mentioned is to be applied to the creation of a reserve fund, until such fund equals 20 p.c. on the present paid-up capital; thereafter one-third of the surplus of profits shall be apportioned between the consumers in the form of an equivalent reduction in rates for gas and electricity.