

sory, and that the monthly deductions should be made from salaries, and that the Company should stand behind it and ensure success. The age when a pension might be claimed was placed at 60 years, with compulsory retirement at age 65, in order to give the younger men a chance. Owing to ill-health Mr. H. N. Roberts, Secretary Boiler Inspection and Insurance Company, was unable to read his paper on "Conditions in Fire Policies," which was a source of much regret, more particularly to the members of the fire branch of the profession.

Several musical numbers were rendered by the Institute Glee Club, and Mr. J. Alexander favoured the members with three readings, the excellent ending of which added materially to the interest and pleasure of the evening. Light refreshments, daintily served from the library table, which was beautifully decorated with flowers, brought to a close one of the best evenings in the history of the Institute.

The next meeting will be held on March 6, 1903, when two papers will be read as follows: "The Progress of Fire Protection," by Mr. P. H. Sims, Secretary British America Assurance Company, and "Practical Working of the Automatic Non-forfeiture Provision in Life Assurance Policies," by Mr. W. H. Hill, Manager Sun Life Insurance Company, Peterboro, Ont.

#### PROPOSED CURRENCY LEGISLATION IN UNITED STATES.

##### RELAXATION OF BOND DEPOSITS FOR CIRCULATION —ADAPTIONS FROM CANADIAN SYSTEM.

There are two Bills under consideration by the American Senate, the one for regulating the security to be given by the National Banks to the Treasury to protect the deposit of public funds, the other to change the conditions under which the banks issue notes, which would also be affected by the former Bill.

Though, as a general proposition, every time is opportune for improvements, it is not in the interests of commerce for the banking and currency laws of a country to be so frequently in the repair shop, as it were, as are those of the United States. The Act for changing the conditions under which the National Banks receive deposits of public money fixes  $1\frac{1}{2}$  per cent. as the minimum rate of interest to be paid for such funds. Instead of the securities lodged to protect these public deposits being confined to United States bonds, as at present, the Treasury would be authorized to accept State and municipal bonds, of a certain class as to quality, and first mortgage bonds of railway companies that have paid regular dividends of not less than 4 per cent. for not

less than ten years. The Isthmian Canal bonds are also proposed to be used as a basis for bank circulation. Another new idea is to authorize the Treasury to hold National Bank notes in the general fund and to utilize such notes for Government payments, except those of the national debt. Beyond giving to the banks some latitude in their choice of bonds to be deposited as security for public money, also for a basis of circulation and enlarging the sphere for circulating notes the new Bill is not calculated to materially improve currency conditions. It seems hardly worth while upsetting the present system and causing considerable confusion merely to accomplish what this Bill is likely to attain.

Another Bill is a short step towards the Canadian system, and, so far as it goes in this direction, it is commendable. What strikes those familiar with currency records and matters is the extreme lack of confidence in the National Banks shown by the present system of the United States and by all those who suggest improvements. The new Bill proposes to raise the amount of credit circulation that a bank may issue from 25 per cent. of the capital, which is the present standard, to 50 per cent. The Bill does not specifically make the notes like those of Canadian banks, a first charge upon the assets in case the issuing bank fails, but, that this would practically be the case under the new Act, is affirmed. The new Bill reads:

"Be it enacted, etc.: That any National banking association having on deposit with the Treasurer of the United States not less than fifty per centum and not more than seventy-five per centum of its capital stock in the United States bonds as security for circulation, may, with the approval of the Comptroller of the Currency, take out for issue and circulation an amount of guaranteed National bank notes not exceeding twenty-five per centum of its paid-up and unimpaired capital without depositing United States bonds in the Treasury of the United States in the manner provided by existing law."

This seems a greater concession than it would be in working. Before any notes could be issued by a bank to a higher amount than those covered by United States bonds, that bank would be required to have already from 50 to 75 per cent of its paid-up capital in bonds held by the Government as security for the circulation. Thus the issuing bank would still have from 50 to 75 per cent of its capital practically locked up in Government bonds. That is, each national bank would be required to *lend* the Government 50 to 75 per cent of its capital, for that is what buying bonds amounts to, up to which amount it would graciously be allowed to issue notes, and then supplement such issues by a further amount equal to 25 per cent of its capital. Such an arrangement would not be profitable to banks, nor would it