

GOVERNMENT RELIEF TO UNITED STATES SITUATION.

The Economist, of London, on Saturday last gave as its view that unless an unexpected wave of returning confidence were at once to sweep over the United States—inducing the distrustful public to redeposit its hoarded cash—the large banks must continue importing gold at whatever cost, until the United States Government consented to substitute for the wreck of credit an issue of paper currency, temporarily, at any rate, inconvertible. While frankly recognizing the attendant drawbacks of Government interference, British opinion would seem to back The Economist in favouring some such action as that announced by the United States Treasury on Sunday night.

Deeming that the situation had not been sufficiently relieved by depositing throughout the country nearly all the Treasury's available cash balance of \$240,000,000, Secretary Cortelyou announced the Government's intention of issuing \$50,000,000 Panama Canal bonds and also Government certificates, bearing 3 p.c. interest, to the amount of \$100,000,000, if necessary, to run for one year. The bonds will bear interest at the rate of 2 p.c. per annum and will be issued in denominations of \$20, \$100, \$1,000 of coupon bonds and of \$20, \$100, \$1,000 and \$10,000 of registered bonds. They will be redeemable at the pleasure of the United States after ten years from date of issue and will be payable thirty years from such date. They will be exempt from all taxes or duties of the United States and from taxation in any form. They will be available to national banks as security for circulating notes and will be receivable as security for public deposits in national banks. The certificates of indebtedness will be issued in denominations of 50 and are offered to the public at par and accrued interest from November 20, 1907. They will be payable to bearer, and are payable on and after November 20, 1908, with interest at the rate of 3 p.c. per annum. In order that the certificates may be properly distributed throughout the country, \$50,000,000 will be allotted by the Secretary at his discretion on offers of subscription addressed to him and the remaining \$50,000,000 will be allotted to the several Assistant Treasurers in the Sub-Treasury cities and the Treasury at Washington.

Commenting upon these relief measures Secretary Cortelyou said:

"The proceeds from the sale of certificates can be deposited almost simultaneously with their purchase upon approved security. They can be made directly available at points where they are needed most urgently and especially for the movement of the crops which, if properly accelerated, will give the greatest relief and result in the most immediate financial return. The acceptance of subscriptions will be made with special reference to such use.

"These measures will enable the Secretary of the Treasury to meet public expenditures without withdrawing for that purpose any appreciable amount of the public moneys now deposited in the national banks throughout the country."

It is hoped that one immediate effect of the issuing

of the certificates will be to bring out \$30,000,000 or \$40,000,000 of the money now hoarded by individuals. Aside from the direct purchase of certificates with such hoarded money, the expected vanishing of the premium on currency will naturally bring out the hidden stores of money speculators. It is anticipated too, that Europe will purchase a considerable amount of the new Government issue, thus increasing America's immediate command of trans-Atlantic resources. As to whether or not the certificates will actually facilitate further importing of gold, opinions differ somewhat. One prominent banker is reported as saying: "We are already overcharged with a gold supply, and issue of these certificates would ere long encourage exports of gold, which would altogether prove to be an advantage rather than a disadvantage."

It is not unnatural that there should be some differences of view as to the wisdom of the action of the Government. On the one hand, many bankers declare that the issue of such short term obligations will admirably meet the demands of the present, because they can be taken up and paid for on the expiration of their term from the Treasury cash balance, which can then be withdrawn without danger from the national banks—since previous post-panic experience has shown that we'll within the year an excess of cash will be on deposit in the banks, even if there is depression in business—or, rather, for the very reason that in times of business depression there is a lessened call for investment in new enterprises.

Some there are, however, who hold that the Government issue involves an ultimate over-inflation which is more to be dreaded than present stringency. But the majority even of those who have some fear of such inflation, hold that the immediate necessities of the case warrant incurring the risk of some future disadvantages—believing that when such disadvantages have to be met, the country will be in a much stronger position to cope with them than at present. The difficulty foreseen is not so much an objection to the present emergency measures as it is a proof of the disadvantage involved by so inelastic a currency system as that of the United States. Expansion of currency is sometimes a crying need, but there comes a time when conditions require a corresponding contraction. Canada is fortunate in possessing a currency system where necessary expansion is followed by automatic contraction—thus avoiding the dangers involved by a period of inflation.

THE MONTREAL STREET RAILWAY'S statement of earnings and expenses for October shows total earnings of \$311,808 with net of \$147,323—as compared with \$281,822 and \$124,132 respectively for the corresponding month of 1906. The surplus is \$104,034; that for October of last year being \$83,523. The expense ratio is 52.77 p.c. as against 55.95 p.c. for October, 1906.

IT IS STATED that there has already been paid into the Canadian Bank of Commerce at London some \$1,000,000, of proceeds from the issue of \$2,000,000 7 p.c. Canadian General Electric cumulative preference stock at par, the balance to be paid next month.