

any other time of the year. But perhaps the largest factor in the excessive absorption of money is the seasonal outgo of wages payments. Disbursements are commonly made in cash and the laborer makes little use of deposit banks. Any surplus is held in temporary hoard and paid out to meet current living expenses. The amount disbursed to a single laborer is, of course, inconsiderable, but the payment of a whole army of harvest hands compels bankers in the South and West to reckon seriously with their cash reserves.

The total extra demands for currency in harvest time has been variously estimated at from \$150,000,000 to \$200,000,000 and an examination of bank statements reveals the fact that there is a pronounced movement of currency outward from New York city and other financial centers which begins early in July and continues into October or November. During January and February, the tide turns and the idle money is emptied into the financial centers of the East. Although the annual outgo of currency begins in mid-summer, the stringency is not seriously felt till the autumn revival of trade and industry. Country banks at the close of the harvest season are anxious to take advantage of the movement of specie to replenish their shrunken cash reserves and the money drawn away from the commercial centers seems less responsive to centripetal than to centrifugal forces. This recurring stringency in the money market may at times be fraught with very serious consequences. When conditions have for some time been hovering on the verge of a crisis, affairs usually culminate in a collapse of credit during the period of autumnal strain. Such for example was the situation in 1873, 1884 and again in 1893. More recently still in the panic of 1907, the disturbance of credit was wholly disproportionate to the immediate causes, partly on account of some uneasiness in the business world, but more because the currency of the country was already taxed to its utmost by the regularly recurring demand for harvest money.

The currency of the United States is almost completely lacking in the element of elasticity, or that capacity of expanding and contracting with temporary variations in the demand for its use. The coin element possesses the property of mobility in the sense that it easily gravitates to the place where is the greatest need for its employment, but is not responsive to a seasonal or temporary demand for more or less money. The quantity of legal-tender notes is rigidly fixed by federal enactment at some \$346,000,000. The national bank circulation on which we depend for elasticity is based