

last session of Congress passed without making any provisions for a need long recognized by economists and practical business men.

The recent financial panic, however, seemed to furnish a final and decisive argument in favor of a more elastic currency. Our present monetary system seems almost wholly lacking in flexibility and seems incapable of standing even a moderate strain. The issue of clearing house certificates by local associations of bankers, as a temporary makeshift and without authorization of law, called attention to the wisdom of providing for a recurring need in a regular and orderly way. The present Congress is expected to reach some solution of the currency problem. At present, however, there seems to be little prospect of an agreement between the two houses. The Senate is considering a bill authorizing national banks to issue in times of stress not over \$250,000,000 of emergency currency secured by deposits of state and municipal bonds and subject to a tax of one-half of one per cent. a month—a rate sufficient to secure its retirement in ordinary times. In its present shape the plan seems open to serious objections. The issue of notes would probably depend largely on the price of state and municipal bonds available for security and the process of getting the notes into circulation would be a slow and cumbersome one. Furthermore, nothing is offered to correct the defects of the present system of redemption. The lower house is engaged in formulating a plan that promises to approve itself to students of monetary problems, for it proposes to do away with the present vicious system of bond-secured circulation and to substitute a bank currency equal in amount to capital of the banks and secured by the general assets and a guarantee fund contributed by the issuing banks. A system of this sort, coupled with adequate provisions for redemption, would combine perfect security with the requisite elasticity but the scheme is probably too radical to command the respect of the senate.

—J. H. Gilbert.