

such prevision, can it possibly determine the volume of paper which it is desirable to issue? Banks obey, and cannot help obeying, the natural law of supply and demand in their issue department as well as in the rest. But what is there to guide a Government? What guided our Finance Minister when he determined on a sudden to issue additional paper to the extent of eight millions? This is what we want to know.

There are Governments and Governments. A thoroughly commercial Government like that of France or Holland in former times, or that of England in the present day, might, perhaps, be safely trusted with the power of issuing paper. But a demagogic Government, to which democracy in its crude state is always liable, cannot be safely trusted with such a power. We see what demagogic Governments have done. We see that Sir Leonard Tilley, a man whose personal integrity is beyond question, when pressed by political necessity, proceeds, under colour of inflating the currency, to levy a forced loan. We know what was done by Secretary Chase, though his character stood very high. No wild cat bank has ever exceeded in profligacy or in mischievousness the doings of certain governments in this line; so very far is a national currency, as it is styled, from affording extraordinary security to the people. On the Banks you have a hold; you can compel them to keep a sufficient reserve of coin or conform to any other rules that you think fit; and you can enforce the penalty for their defaults: nobody has any interest in screening them: the politicians, on the contrary, seeing that they are objects of popular jealousy and envy, are always ready for an attack on them. But a party Government has only to appeal to its majority in order to be relieved from all restrictions and exempted from all penalties; and experience shows that it will commonly do, either in the way of issuing bad paper or in any other way, whatever it thinks necessary to keep it in power. Sir Leonard Tilley is able to increase his issue without increasing his reserve; if he pleases he can do it again: perhaps his less scrupulous successors may do it till there is practically no reserve at all. Not the politicians saved the United States