

ment anything is exceedingly doubtful, but that it will seriously cripple and damage many important and valuable interests is not doubtful at all.

The manner in which the Departments of Government are managed is not such as to inspire confidence in a scheme by which the Finance Minister of the day would have the manipulating of so delicate a machine as a currency redeemable in specie. An irredeemable currency is a very simple matter. Once admitted, the Government has no further trouble with it, the only difficulty being to get it into circulation at all. But a redeemable currency is a matter which requires to be managed by practised bankers, familiar with the variations of ebb and flow to which it is subject. To them, as they know, it is a matter of constant watching and difficulty, and it is intimately connected with the other great departments of their business, viz.—discounting.

To put the issuing in the hands of Government, and render it subject to fixed and invariable rules, is a measure that could by no probability be carried out unless the discounting power went along with it. Now the Government will scarcely propose to assume the discounting business of the banks, nor will it be willing, we suppose, to give the banks legal tenders without the equivalent of specie. But without such powers as these, the measure would soon bring the country, financially speaking, to a dead lock. The circulation of Canada, as any one can see from the monthly banking returns, is much more an affair of the West than the East. Somehow or other, it is impossible to maintain a large note circulation in this part of the country. So far as the large cities are concerned, this is easily enough understood, for there is never an extensive bank note circulation in commercial centres. But in the country districts of Canada East, it would seem as if some special cause operated to prevent bank bills keeping out. It may be poverty or it may be distrust, but whatever be the cause, the fact is clear.

It is the Western banks, therefore, and the Eastern banks doing business in the West, that are most vitally interested in Mr. Galt's proposal. Our own community throughout, and our own banks, are, of course, interested directly, for whatever damages Western Canada tells us to them. And that the proposal will interfere most seriously with the business of the Western banks, it does not require much penetration to discover.

If the bill were carried and adopted by the Western banks, it is clear enough they could not obtain the necessary amount of bills to carry on their business without handing over to the Government, in addition to all their debentures, some five or six millions in specie.

Now that they could not do this at present is plain enough, for they have only about half that sum altogether, and they must hold a reserve against their deposits. The specie then must be obtained from outside sources.

That the effect of a heavy drain of specie from the Western banks to the coffers of the Government would be a universal curtailment of discounts and extreme tightness of money, no one can fail to perceive. Under such a state of things, strong houses might stand, but hundreds of others would be reduced to embarrassment and distress. A considerable proportion of them would fail, and bad debts innumerable be the order of the day. The whole business of the country would require to be reduced in order that the specie might be obtained from abroad. It could not be drawn from the Lower Canadian banks, for it would be all they could do to comply with the provisions of the Act for themselves, if, indeed, they would not have to reduce too.

It deserves also to be considered, and it is of vital importance to the proper consideration of the question, that after this sweeping reduction has been effected, the banks would have no power to expand. The business of Canada, like that of every agricultural country, has its regular periods of ebb and flow, and the variations are represented principally by the contractions and expansion of the circulation. Every fall there is expansion, every spring there is contraction. The average expansion is about \$3,000,000, but last year it reached \$600,000, and notwithstanding this immense increase in the volume of business, it was managed by the banks with perfect ease.

But when the period for expansion comes, they will have no power to do it. They cannot fall back upon stocks of unissued notes as formerly, before they can obtain bills, they must either buy from the Government

or borrow. They will not have the money to spare to buy the large amount of bills required, and as to borrowing, will the act make any provision for such a contingency?

Thus, even if the first difficulty were got over, a greater would supervene. The produce must be moved, that is clear enough, or the country will be bankrupt, but how the task is to be performed under the Currency Bill, it is impossible to see.

Look at its operation in any way we may, there appears nothing but embarrassment and disorder, financial distress and mercantile loss as the fruits of the Bill.

DONE UP IN YANKEE STYLE!

BROTHER Jonathan is an odd fish. Almost as vain of his country as Jack Chinaman, he is the very opposite in intelligence, enterprise and "go-ahead-ative-ness." This latter "bump," as some phrenologists have it, is largely developed on our cousin's cranium; and whether he whittles a stick or constructs a Pacific railway—whether he carves a chicken or carves out the dimensions of new States and territories—

"It's a' done to Dandy."

Jonathan's "go-ahead-ative-ness" will stick out. In some cases this quality is profitable, in others it is decidedly "too fast," and is apt to make our Republican neighbour appear not a little ridiculous. A short time ago, the Hon. Mr. McMillen, Secretary of the United States Treasury, appointed Mr. F. W. Taylor, of Minnesota, to make a report upon the trade, the canals, the tariff, and other commercial matters relating to Canada and the rest of our Colonies. Now, the said Mr. Taylor is a very nice little man, a good friend of the late Reciprocity Treaty of happy memory, given to admiration of the polar star, which is popularly supposed to be "winking" at Minnesota's courtship of the Selkirk settlement, but with an awful big "bump" such as we have described, on the back or front of his head, we forget which. Well, Mr. Taylor makes his report to the Man of Dollars at Washington, and a clever performance it is, done up in true Yankee style. Following closely the dignified fashion of the present generation of American Statesmen, the report contains two parts: truth and action—argument and bunkum! The *fact* portion, is that which demonstrates the great importance of the trade of British America—the advantage of our canals and rivers to the United States—the mutual benefit derived by both countries from the late Reciprocity Treaty—and the astounding loss of which Mr. Morrill *et hoc genus omne* were guilty in abolishing it. So far, Mr. Taylor is quite sensible. He writes like a shrewd business man. He is evidently no disciple of Consul Potter, nor does prejudice seem to blind his judgment. That the loss of Reciprocal Trade is punching our neighbour's corns more than ours, is very ingeniously admitted, and the desirableness of closer commercial relations strongly urged. In fact, the hero of St. Paul comes quite up in this part of his document. To our expectations, he is—

"All our fancy painted him."

But, alas! how shall we write the sequel? How tell that big National "bump" at last comes into play—that the immense size and glorious plumage of the American Eagle makes Mr. Taylor forget that he stands only four feet eight in his stockings; and that he concludes his report to Mr. McMillen by giving a bill for the "Annexation of Nova Scotia, New Brunswick, Canada, Newfoundland, Prince Edward Island, Red River, and British Columbia"—nearly half the continent—to the said "glorious" Eagle aforesaid! Not to be outdone by his friend from the region of the setting sun, a wise man from the East named General Banks, afflicted with the same big "bump" hereinbefore described, has introduced Mr. Taylor's "Annexation Bill" into Congress and the four hundred Statesmen (with the four hundred "bumps," which compose at body, are now gravely considering that momentous question. Badingage apart, could it be possible for a grave Legislative body to present a more ridiculous spectacle than Congress gravely considering a Bill for the Annexation of the whole of British America at one swoop—the Bill only to take effect (how considerate!) when Great Britain and the Colonies signify their agreement thereto! This proposition is too absurd to give offence in Canada, we simply laugh at Cousin Jonathan's idiosyncrasy (the "bump" aforesaid,) and pass it over. But the circumstance—silly and harmless though it be—is not without its moral. It clearly indicates how important the Americans think British America to be. It tells

how anxiously they desire our absorption into the Republic. For several decades the American policy was this. They declared to us that they cared nothing whether we joined them or not, that if we wanted Annexation they were ready to accept us—but that they were quite indifferent as to which course we pursued. The moment Confederation was broached this "policy" changed. The last hope of Annexation must die out if the several Provinces joined together to form a new Nationality—a rival to their own.

So Mr. Potter appears upon the scene. Commercial coercion becomes the order of the day—the Reciprocity Treaty is doomed. Next from up the Feman horde. We will not accuse the American Government—not yet the people as a whole—of encouraging Fenianism, from a desire to drag Canada into the Republic's arms. But we do believe that many Americans hoped Sweeney's raid would distract and unsettle affairs in this Province, that many would advocate Annexation as the only way of obtaining constant peace and prosperity. Now Mr. Taylor's "bid" to British America is being tried in which we are promised a North Pacific Railway, costly canal improvements, and ever so many nice things if we will only consent to join them. It's surely time Brother Jonathan should know that Mrs. Canada will not wed him on any terms—but we are determined to have Confederation and work out our own destiny.

The National vanity of our cousins (we cannot use milder word) seems to render them incapable of comprehending that we could ever think of remaining out of their Union—and that from choice. But such is nevertheless, the fact. We respect the people of the United States, we rejoice at their past prosperity. But we, ourselves, are also prosperous; we have institutions which we like better than those in existence across the lines, and we are fully decided—we may say unanimously decided—in favour of enjoying our prosperity and institutions in a British American Confederation. Many in Canada feared that the close of the American markets against our agricultural products free of duty, would injure us. But experience has shown us that though closely connected with our commercial prosperity is not dependent upon the United States, and that if they despoil or hamper our trade, other markets are open to us. Never was Canada more hostile to Confederation than at present, and therefore, Mr. Taylor's Annexation Bill seems to reach the climax of impudence and absurdity. We are glad that so good a writer has demonstrated the American people what a mistake they have made in throwing stumbling-blocks in the way of our commercial intercourse. We trust they will learn wisdom from his words, and we can say for Canada that at any time, we are prepared to meet them half way in negotiating a new measure. But we want no closer union. We believe British America has a destiny of its own, and were it not for the dimensions of Brother Jonathan's "bump," he would long ago have perceived this. But we ought, probably, not to be so hard on the periodical Annexation wooings to which we are subjected. The "fourth of July" occurred last week, and on these national holidays people are apt to say and do what they would be too sensible to do on other occasions. Mr. Taylor wrote, and General Banks introduced, this Annexation Bill close upon the "Glorious Fourth," when almost every stump vocal with national extollings, and we may, therefore, place it in the same category as the "orations" common to that festive occasion.

THE PROPOSED CHANGES IN THE TARIFF.

RESOLUTIONS TO BE MOVED BY THE MINISTER OF FINANCE IN THE COMMITTEE OF WAYS AND MEANS.

(NOTE.—The Items printed in Italics have already passed the Committee, and the changes of duty have taken effect. They are printed here for convenience of reference.)

1. That it is expedient to amend and consolidate the present tariff of duties of Customs, and for that purpose to repeal the duties now imposed under chapter 17 of the Consolidated Statutes of Canada, the Acts 23 Vict. c. 18—25 Vict. c. 4—and 27, 28 Vict. c. 2, or by any other Act, and the Tables of Free Goods and Prohibitions now in force, and to make other provisions in lieu thereof, the said repeal, new duties and other provisions to take effect from the periods hereinafter mentioned respectively.

2. That it is expedient to provide that the following articles shall be subject to the specific duties of Customs set opposite to them respectively, that is to say:

STUBS AND STRONG WATERS, viz.

Spirits or strong waters, not being sweetened or mixed with any article, so that the degree of strength thereof cannot be ascertained by Sykes' Hy-

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