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The Journal of Commerce

FINANCE AND INSURANCE REVIEW.

MONTREAL, 22 JUNE, 1877.

THE FORECAST OF A PANIC.

Considerable alarm seems to have been excited by the publication in the New York *Daily Bulletin* of a sensational article headed "An impending financial crisis, can it be avoided?" The *Bulletin* has been a steady advocate of the resumption of specie payments, and yet its present apprehensions appear to be based on the notion that any contraction of the legal tenders will lead to most disastrous consequences. We own that we subscribe most cordially to the opinion of the London *Economist* when it states "We may express our satisfaction at seeing the question of resumption seriously grappled with and attempted to be solved by some comprehensive method, instead of being evaded, as hitherto, or complicated by piecemeal and haphazard legislation." Mr. Secretary Sherman desires, if we can believe both his supporters and opponents to effect a contraction of the outstanding legal tenders amounting in round figures to \$360,000,000 to the extent of \$60,000,000. In view of the fact that the discount on the legal tenders has been materially reduced already, it seems probable that a contraction of \$60,000,000.

would bring greenbacks nearly if not quite to par with gold. As we have repeatedly had occasion to point out, the serious difficulty as to resumption arises from the conflicting views of its advocates. A very considerable section of the population are anxious to restore the double standard, the practical effect of which would be to make silver the sole standard of value, and to disturb all the transactions of the people of the United States. We cannot doubt that the advocates of this policy believe what they assert that it is easier to resume in silver than in gold. Nevertheless there is not the slightest doubt that their opponents are correct in asserting on the contrary that the remonetization of silver would merely enable the holders of that metal to make a considerable profit out of the general public. Another class desires that the legal tenders should be wholly withdrawn from circulation, the effect of which would be to require from the government \$360,000,000 in coin of some kind which could only be obtained by a sale of bonds to that amount, the interest on which would be some \$15,000,000 per annum, while the Banks and the public would be put to great inconvenience owing to the substitution of coin whether gold or silver for legal tenders. We have read the sensational article in the *Bulletin* with great interest for it is beyond doubt that a "financial crisis" in the United States would be a serious calamity for us in Canada especially under existing circumstances. The chief ground for alarm is the prospective demand for currency to provide for the "marketing of the crops." We do not think this a sound argument on the part of one who believes in a convertible currency, however it might accord with the views of inflationists. No doubt the marketing of the crops involves an increase of bank loans and also of bank circulation. There is no reason that occurs to us why the requirements of the banks of the interior should not be met during the present year in the same way that they will have to be met with when specie payments have been resumed, in the same way that they must be met in Canada. To whatever extent legal tenders may be withdrawn from circulation they will be replaced with gold, and it must be borne in mind that the legitimate function of the legal tenders is to form the bank reserves exactly on the same footing as gold coins. The *Bulletin* declares that "if Mr. Sherman persists in enforcing a material contraction of the legal tenders there are no possible means of averting a breaking up of his preparations for resumption in general panic." Does the

Bulletin imagine that resumption is possible without a contraction of the legal tenders, and if not is it not much more desirable to have a gradual contraction the effect of which will be to bring the legal tenders to par with gold than to run the risk of a panic when the day of resumption arrives and when all the holders of the legal tenders will be rushing with one accord for gold? It is anything but satisfactory to find that Mr. Sherman has to encounter such difficulties in his honest efforts to perform his duty to his country.

THE FISHERY COMMISSION.

After years of delay and disappointment the Fishery Commission has at last met at Halifax. It is composed of Mr. Delfosse, Envoy Extraordinary of Belgium, Chairman; the Hon. Sir A. T. Galt of Canada, Commissioner for Great Britain, and the Hon. E. H. Kellogg, Commissioner for the United States. Mr. Dwight Foster, of Boston, is agent and counsel for the United States, and Mr. J. C. Ford for Great Britain. Several counsel are employed, viz., Mr. Doutre, Q.C., of Montreal, Mr. Whiteway of Newfoundland, Mr. Davies of Prince Edward Island, Mr. Thomson of St. John, and Mr. Weatherbee of Halifax, N.S. The case of Great Britain was presented and filed and the next step will be for the Americans to file their answer. The Minister of Marine and Fisheries was present at the opening of the Commission on the 15th. Canada is fortunate in having, as the British Commissioner, one of her own statesmen, and one whose experience and ability justly entitle him to public confidence. It is, in our opinion, most unfortunate that the question should be dealt with in the mode prescribed by the Treaty of Washington, but for this the United States, and not Great Britain, is responsible. The wisest plan would have been for both governments to have agreed on a commercial treaty, mutually advantageous to the people of both countries; and Canada has on all occasions evinced a readiness to treat on fair terms. Unfortunately the system of Government in the United States is such as to render negotiations very difficult. In England and in Canada there are governments enjoying the confidence of their parliaments, and prepared at all times to state at once what they can do, and certain that if they find it expedient to negotiate a treaty, they will be able to obtain the sanction of Parliament to whatever they agree to. In the United States, on the other hand, there is no certainty, whatever, that either the Senate or the House of Representatives will concur with the government on any question.