

of the future, took the ground that "no money ought to be tolerated which is not coined by the nation, or [as a substitute for money] paper notes, issued by the same authority" immediately convertible into coin. The suggestion about coined money will be readily accepted; but the proposal that all notes should be issued by the Government has little to recommend it. The experience of Government issues of paper, taken as a whole, is anything but satisfactory. Usually, the object of issuing Government paper has not been to supply a sound currency, or any kind of currency, but to extort a forced loan from a reluctant public. This resource is one which Governments are apt to avail themselves of only in financial extremities—at a time when it is, or appears to be, the only means of borrowing—it is a resort to force when it is doubtful whether a voluntary loan could be obtained. Under such circumstances, Government paper is sure to depreciate, because it is only a measure of the Government's credit. For a Government to issue paper in a normal condition of its finances, and to provide reasonable means for its conversion is, of course, another matter. But, in any case, the system would be exposed to grave dangers. The temptation to change from the conditions of a convertible to those of an unconvertible currency, would often, perhaps generally, be too great to be resisted, and instead of greater security than the paper of well-regulated banks of issue affords the public, would be in great danger of getting less. Reform is not likely to be had in this direction. The objection to bank notes, implied, if not expressed by Prof. Atwater, is that they are less safe than Government notes. This is a position which has never been proved. We grant that Government paper, owing to the disastrous circumstances in which it has too often originated, has been of a worse character than it would have been if deliberately devised and issued to serve the needs of a currency; but if its origin were legitimate, there would not be the same safeguards against its course becoming degenerate as those that hem in redeemable bank notes. At different times and in different countries, bank notes have passed through every phase from good to bad; but the convertible notes of sound and properly constituted banks, in the present day, possess all the substantial elements of safety, while the greater part of the Government notes even now afloat in different countries, is greatly depreciated.

Prof. Atwater has, we fear, a habit of mistaking the shadow for the substance. He claims equality in value for the silver dollar with the gold dollar. But value does not depend upon Congress-made laws: it has laws of its own, which it will follow in spite of any number of statutes that may be passed. If all debts could be discharged equally in either metal, silver alone, on account of its lesser real value, would soon come to be used, to the exclusion of gold: the cheap currency would, as always happens, supplant the dear one.

One suggestion made by Prof. Atwater regarding the conditions of the reserves which the national banks of the United States are required to keep, seems reasonable. He would change the minimum

reserve required into an average reserve for a period of, say, six months. Then, if a sudden emergency arose, these reserves could be drawn upon for a time, provided the balance was restored, in the general average. At present they are forbidden fruit, and a bank with ample means in its coffers may be brought into a condition of great perplexity.

Whether coining is not unnecessary is a question which Mr. Harrison, of Pittsburg, ventured to ask. Bullion, no doubt, might serve as bank reserves, but for small change, coin cannot well be dispensed with. It is unquestionably true that there is not coin enough to do the business of the world, but that is no reason why we should try to do without coin altogether; only a mere fraction of the world's business is done through the instrumentality of either coin or notes. It is useless, therefore, to draw any conclusions from the fact that there is not coin enough to effect all exchanges. The only essential thing to know is whether there is coin enough to effect that portion of exchanges in which coin is required; and this question must be answered in the affirmative. Credits are passed and payments made in a variety of ways, more frequently by cheques than by any other mode. If mints cannot be abolished, their work could be greatly reduced by making bullion perform the functions of coin, where large amounts are required to pass. So far, Mr. Harrison's ideas might be fructified.

Mr. Harrison fancies that the United States has reached perfection in the system of currency it has established. "A currency of wonderful volume, issued under a system that for strength and elasticity is without a parallel in the history of the world," is too favorable a description, though it be "of equal purchasing power, as if it had been issued by the mint itself." The trouble is that the national bank currency is not elastic, but is restricted within the inevitable limits of the stocks deposited for its security. Secure it is, enough, while the credit of the Government is good, but it certainly is not elastic.

The merely historical papers read possess little interest unless they point some moral, and may be dismissed without special notice. At the instance of the executive council, a resolution was passed relating to the amount of notes authorized to be issued on the deposit of bonds, under recent amendments to the National Banking Law. The contention is that the law as amended will bear a construction which would authorize the Comptroller to issue to banks having a capital of over \$100,000, circulating notes equal in value to the par value of the United States bonds. If this construction were adopted, which is scarcely probable, a portion of the bonds now held could be released. Whatever may be the merits or demerits of the present national banking system, it bears within itself the seeds of mortality. As the public debt is discharged, the basis of circulation will be narrowed, and the time may come when a sufficient amount of bonds to form the required security cannot be obtained. In this state of things, it is not surprising that prudent men should cast about in search of some substitute.

BUYER AND SELLER.

Why is it that with a good harvest and with better times, failures are still so unpleasantly common throughout the country? Why are there still so many concerns kept floating which are really insolvent? Why is any one of plausible address able to obtain quantities of goods on credit, no matter what his lack of experience, no matter his past record? Why are large parcels of goods constantly sold by houses in good standing without proper enquiries being made about the debtor's position and the prospects of his being able to pay? Why, in short, is there still such undue pressure brought to bear all over the country to get rid of merchandise on any terms to any person?

No doubt many causes have contributed in the past, and are contributing still, to over trading in this country. The relative weight of these causes in bringing about the existing state of things, is a matter on which the greatest difference of opinion exists among business men. Some assign this cause, others that. One man with good reason decries the strong tendency among the agricultural classes to enter upon mercantile pursuits without experience and with but limited capital. Another points out the ruinous tendencies of the long credit system.

Some seek for the cause among the ultimate consumers, and blame, not without good reason, the popular extravagance which causes the incurring of obligations without the ability to pay. Others look for the secret at the other end of the line and urge that the wholesale trade is ruinously overdone. Manufacturers are blamed, wholesale men are blamed, middlemen are denounced, retailers in every department get their share of abuse, the great consuming public are denounced for their recklessness, and the laboring classes for their extortion. In one quarter, dishonesty and recklessness are regarded as the main cause of the trouble, while in another these things are considered to be the effect rather than the cause of the existing complications.

Truth has well been said to be many sided, and probably none of the aspects of the questions above indicated are unworthy of our serious consideration. Indeed many others might be added scarcely less entitled to weight. The problem is a complex one, and the remedy not easy. Our present purpose is to refer to one consideration only, which we are persuaded lies at the root of many others. One of the prime errors of our system of doing business is that nearly all along the line, the seller and not the buyer is the seeker. Were the reverse rule true, buyers would be more careful, and have more special reference to the needs of their trade. Vendors on the other hand would be in a position to make all proper enquiries without placing themselves in the false position of at once soliciting and criticising an order.

We are not unaware of the hold that this system of doing business has upon the country. We are not unmindful that it has its advantages. Still thoughtful men will acknowledge that it is based upon an error in principle, which carries in its train a host of bad results.