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Address, THE MONETARY TIMES,
Toronto, Ont.

The Publishing Office of THE CANADIAN MONETARY TIMES AND INSURANCE CHRONICLE is removed to No. 60, Church Street, 4 doors north of Court Street.

The Canadian Monetary Times.

THURSDAY, DECEMBER 24, 1863.

MR. WILMOT, OF NEW BRUNSWICK, ON THE CURRENCY.

This gentleman has responded to a series of questions on the currency by a committee of the House of Commons, and has published his replies in the New Brunswick papers. They seem to have excited some considerable attention, partly from their bold and confident assertions, and partly from the semi-logical air which seems to pervade them, in which, to say the truth, there are as many fallacies and foolish fancies covered up as it has ever been our lot to meet within the same limits.

These fallacies and fancies are all branches of one fundamentally false notion, namely, that it is not desirable, or necessary, to have any fixed standard of value. Mr. Wilmot does not believe that a dollar should mean the same thing to-morrow as it does to-day, and he would have a currency which would

fluctuate, not only in amount, but in value, with the necessities of the government, and the circumstances of the times.

It is somewhat cool, we must confess, at this time of day, for a gentleman professing to have financial ability to denounce the monetary system of Canada because it rests on a gold basis, and deliberately to advocate an irredeemable currency. When universal experience tells us that gold and silver are the only solid basis of monetary operations; when writers on finance, almost without exception, however widely they may differ on other matters, agree in the same conclusion; when the trade between every nation under heaven, is, and always has been, conducted on the same principle; when countries which have been forced by pressure of circumstances to deviate from this standard have invariably suffered such intolerable evils as to be willing to endure the most painful sacrifices in order to reach the path of safety again, it is idle to talk of a fixed price for gold being a relic of barbarism.

The man who can ascribe panics to this cause rather than to extravagance and over-trading is not to be reasoned with. Throughout the whole of Mr. Wilmot's answers the notion crops up again and again, that the true remedy for financial evils is plenty of irredeemable paper money. He does not seem to have the slightest notion that a country, at this time of day, cannot isolate itself from the rest of the world, and, as respects other countries, may run into debt just as an individual may with other individuals. When a merchant runs into debt, all goes along smoothly enough so long as his creditors are willing to trust him. His expenditure may be over-running his profits by thousands a year, yet if he can only keep up his credit, and his correspondents continue to supply him with goods, he finds no difficulty in getting along. We have had plenty of examples of this kind of thing in every commercial community, and the end is invariably the same, namely, a break up of credit, a stoppage of supplies, an insisting on payments, law suits, bankruptcy, and poverty. The crash is a painful affair, and causes misery to the individual, to his creditors, his bankers, his family, and everybody that had any relations with him.

Now supposing this gentleman, in the midst of his bankruptcy, to reason in this manner:—What scandalous laws and customs these are which compel a man to pay his debts!—If I had never been pressed to pay, all would have been right.—Why could not my paper be kept afloat, as usual? Why could not things go on smoothly, as they did before? It would have been far better for all parties. I was a good customer to the foreign mer-

chant. I was a capital customer to the neighbouring tradesmen. All of them I paid in paper, and paper answered their purpose very well. What madness then it was to bring on this crash. It is not I who am to blame, it is my creditors, who are such fools as to stop all our trading by insisting on my paper being turned into miserable dirty gold.

Stripped of specious phraseology, it is precisely thus that Mr. Wilmot reasons respecting the panics which sweep periodically over the commercial world. Everybody that has studied them is aware that they are always preceded by a period of extravagance, overspending, recklessness and folly exactly corresponding to the overspending of an insolvent trader, and that the panics are just the same thing to the country as stopping payment is to a merchant. It is the idlest nonsense to blame the gold basis as the cause of the panic, just as it is idle nonsense of the trader to blame his creditors for his stoppage. The panic is the natural result of the extravagance, and its counterpart is to be found over and over again in private life. Not to speak of a trader, how often it is the case that a private individual spends more than his income, gets into debt, his creditors press him, and he is sued; after a world of trouble and anxiety he manages to get time, and by dint of severe economy comes round again after a while, and pays all he owes.

Now the trade of a country, taken as a whole, with other countries, is precisely analogous to the dealings of an individual with individuals. When the balance of trade is against it, continuously, from excessive foreign importations, it simply indicates extravagance, overspending, and getting into debt. The sure result is tightness of money, just as it is with any man who spends more than his income. People of that sort are always "hard up;" and a country may be "hard up," and must be when extravagance and overspending produce their natural fruit.

Mr. Wilmot's remedy for this state of things is to issue more paper, which is precisely the same as for a spendthrift to issue more of his promissory notes to confounding creditors, if they are so simple as to take them. Common sense says the proper remedy would be to economise and work harder. Let the country produce more and spend less—that would bring things round beyond doubt. In private life this would be universally conceded, but in dealing with national affairs people are apt to get mystified, and leave common sense altogether.

It cannot, however, be too often repeated, that the laws of credit and finance are inevitable and irresistible. A nation can no more escape their operation than a merchant. Promises to pay, if never fulfilled, destroy