

with the mother country. We are of opinion that it is not possible to deal with the question in Canada until the United States are prepared to make some definite proposition for a commercial treaty.

A LONDON VIEW OF RESUMPTION.

Such is the heading of a late article in the New York *Bulletin*, criticizing a letter in the London *Economist*, signed "N," that being the well-known signature of a writer whose opinions are entitled to the fullest consideration, and such they have received from our New York contemporary. We do not follow the example of the *Bulletin* by announcing the name of the correspondent of the *Economist*, because it has been withheld by the writer. The letter is entitled "The problem of the resumption of cash payments in the United States at the close of 1878," and it cites no less than six recent pamphlets as having engaged the attention of its author. The *Bulletin* is of opinion that "the numerous inaccuracies of statement and the boldness of the positions" taken in "N's" letter "are calculated to mislead English opinion on this important question," and he has, therefore, considered it desirable to notice it. "N" undertook to discuss three points, all very important: 1st. The kind of metallic money which, under existing legislative obligations, must be provided for the accomplishment and maintenance of the resumption. 2nd. The amount of depreciated paper, that is, greenbacks, fractional currency and notes of national banks. 3rd. The ways and means available for accomplishing the resumption during the next twelve months and with the least disturbance of business. We do not find that the *Bulletin* takes any exception to "N's" remarks on the first head, or to the very just conclusions at which he has arrived, and which we shall give in his own words:

"Whatever may be argued by Inflationist parties in the United States, it is clear that this recital, in the judgment of honest and sober people, can lead only to three conclusions, viz.:—

"(1.) The law of February, 1873, has established gold as the single standard according to which, at the end of next year, 1878, the present compulsory note-circulation must be redeemed.

"(2.) The character of the loan, issues 1860-66, the declaration of March, 1869, and the single-standard law of February, 1873, do not permit the United States, without a disgraceful breach of faith, to pay the interest or redeem the principal of its public debt in any medium except gold.

"(3.) The government of President

Hayes are aggravating in a very serious degree the difficulties of the problem of resumption, by delaying the statement of their fixed intention to support only such schemes as are founded upon the gold standard."

In the foregoing remarks it is hardly necessary for us to state we entirely concur, but we own that we feel very anxious as to the decision at which Congress will arrive on the subject.

Under the second head "N" treats of the amounts of outstanding circulation of the three classes: greenbacks, fractional currency and national bank notes, which will have to be redeemed, and the *Bulletin* charges him, no doubt correctly, with overstating the amount by \$58,000,000. He likewise points out that he has underestimated the stock of gold. We confess that, as bearing upon "N's" argument, we do not attach much importance to the criticism of the *Bulletin*. "N" is, in our judgment, wholly mistaken in all his suggestions under this head. We are of the number of those who think that there has been a great deal of exaggeration as to the difficulties of resuming specie payments in gold; but, inasmuch as resumption after a protracted period of suspension must always be attended with some difficulty, it appears to us manifest that all possible care should be taken to lighten the burden as much as possible. Now all "N's" suggestions tend to increase the difficulties to be surmounted. We are willing for argument sake, and only for that, to concede that the issue of small notes, other than fractional, is undesirable. Even on this assumption we entirely dissent from "N's" suggestions that a "token silver" coinage will furnish in the best manner "the kind of circulation to be substituted for a very considerable portion of the present depreciated Government paper." In our opinion the United States committed a grave error in undertaking to redeem the fractional currency in advance of the general resumption. That currency may have been inconvenient, but in round figures it has taken about \$25,000,000 out of the fund required for general resumption, and to that extent has added to the difficulty. The amount is small, but it tends to illustrate a principle. The fractional currency was in the hands of the public, and could not have been dispensed with for the purposes of exchange. The Government had to purchase silver to substitute for this currency to the extent above stated. "N" would just at this time, when all available ways and means are required to carry out resumption, reduce the circulation by calling in the small notes and substituting silver tokens.

"N" has committed an error, at least we hope that he has, in asserting that the greenbacks cannot be re-issued after redemption; in other words, as he puts it, "the Federal Government shall cease altogether to issue any kind of circulating paper." The *Bulletin* is clear that this is an error, and we have never doubted that the Government would re-issue their legal tenders. "N" calculates that, by the 1st January, 1879, the Treasury will have redeemed \$400,000,000 of greenbacks, and, "when that is done, all connection between the Government and the circulation of notes will, it is to be devoutly hoped, for ever cease." We have more than once pointed out the great desirability, with a view to economizing the use of coin (gold or silver, or both), to maintain a government legal tender circulation redeemable in the city of New York, and which would be the most convenient mode for the banks effecting their exchanges. For argument sake we will admit that "N" is right in objecting to such notes, though practically they would, if issued under Treasury regulations, be precisely of the same character as notes of the Bank of England. But even if right theoretically we hold that it would be utter madness at such a time as this to increase the difficulties of resumption. If, for instance, 150 to 200 millions of legal tenders can be kept in circulation, surely it would be better to retain them than to sell bonds to an equal amount in order to redeem them, thus putting the country to an annual expense of several millions of dollars. We concur in the *Bulletin's* remarks on what he calls "N's" "incidental fling" at the national banks. It is certainly by no means disgraceful that out of 2,100 national banks only 49 should have failed during a period of 14 years, and that no noteholder should have lost anything, while the other creditors obtained considerable dividends. We rather incline to the opinion that the *Bulletin* has misunderstood "N" in one particular, viz., the transferring of the greenbacks to the national banks. "N," although mistaken as to amounts, both of circulation and gold—a point, in our opinion, of secondary importance—is correct in his assumption that the circulating medium will still be required. "N" estimated the greenbacks and fractionals at \$400,000,000, and the national bank notes at \$350,000,000. He then assumed that all the \$400,000,000 would be withdrawn, and that they would be replaced by \$150,000,000 of silver tokens, \$150,000,000 gold and \$100,000,000 National Bank notes; and, in his scheme of substituting silver tokens for small notes and fractionals,