

for conducting them will be precisely similar to those made when the late Senator Brown visited Washington for a similar purpose in 1874. We are of opinion that Canada cannot by any possibility suffer any disadvantage by the negotiations which it is said Sir Ambrose Shea of Newfoundland has been charged to open. It is not very likely that the United States will be unwilling to concede to Canada as favorable terms as to Newfoundland, and we shall have an opportunity, without suffering any degradation, of ascertaining the views of the United States on the subject. Should Sir Ambrose Shea's mission be as unsuccessful as that of Senator Brown we venture to doubt whether our sister colony will be willing to suffer the humiliation of a second rejection.

There is nothing to prevent Congress from passing an Act in accordance with that which has been placed on the Statute Book of Canada authorizing the free admission of certain articles named whenever they shall be admitted free into Canada. One most extraordinary statement we find in the paragraph which we have noticed, and which has been generally inserted in Canadian newspapers without a word of comment. It is that Sir Ambrose Shea is "eminently suited for" this mission, having negotiated the first reciprocity treaty between the two "countries a third of a century ago." It is a little over thirty years since "the first reciprocity treaty was negotiated by the Earl of Elgin, and Sir Ambrose Shea was not present on the occasion. We should be glad to be informed by those who have given currency to the statement that a reciprocity treaty was negotiated by Sir Ambrose Shea, of some further particulars, as we have been unable to find any record of such a treaty.

FIAT MONEY.

Mr. Orton has again introduced a Bill, the object of which is "to extend better banking facilities to the agriculturists and other persons in the Dominion of Canada." The proposed banks are to be practically Government banks, and their object is to enable land owners to obtain legal tender notes for mortgages on their estates. These mortgages are then to be converted into negotiable 4 per cent bonds guaranteed by the Government, and Mr. Orton is under the delusion that there is some analogy between the scheme which he has brought before Parliament, and the national bank note system of the United States. He seems

to overlook the fact that although the national banks are required to give security for their issues in Government bonds, yet that the notes are redeemable in specie on demand. If Mr. Orton imagines that it would be possible to redeem legal tender notes on demand issued in exchange for mortgages on real estate he is more credulous than we believe possible.

There are overwhelming objections to the whole scheme. It would make the Dominion Government a lender on mortgage, to an indefinite extent, to all the owners of land in the Dominion, whose estates were unincumbered, and would most assuredly end in national bankruptcy. It was found by bitter experience that even the municipalities in the province of Ontario and Quebec could not be trusted to borrow on the guarantee of the Government. One act of repudiation was soon followed by another, and in a very short time the repudiation became general. The Government did not venture to enforce payment, although the legal means were in its power, as such a proceeding would have led to general public dissatisfaction. The result was serious financial embarrassment to the Government, and it may be added the inability of the municipalities to borrow money on more favorable terms than they are able to do on their own responsibility.

The author of the proposed scheme professes to believe that the enormous rates of interest exacted by loan societies are unfair and unjust. Those rates must depend on competition, just as the prices of all commodities must do. The loan societies, which are charged with extortion, are themselves borrowers, and most assuredly would have difficulty in effecting loans at 4 per cent, which is the rate which money commands on unexceptionable security when payable at very short notice, the rate in fact which the Government itself pays to its Savings Bank depositors. It is one of the delusions under which Mr. Orton and others who share his views, labor that an indefinite amount of legal tender notes can be circulated at par. It seems to be imagined that the bank notes in circulation, and which do not vary to any great amount in one month as compared with another, are the same notes, whereas the average time during which a bank note circulates is very short. It frequently happens that a note issued during the day is returned for payment on the following morning, through another bank, or perhaps paid to the issuing bank on the very day of issue. Bank notes are used to effect all the exchanges that take place

throughout the community, and the aggregate amount of the issues is governed by what is necessary to effect that object. There is no room for a further issue. The legal tender notes have been issued already to the full amount that prudence would justify, and an excessive issue would most assuredly lead to a suspension of specie payments and to all the calamities that would follow.

Mr. Orton admits that his scheme is inconsistent with the retention by the banks of the privilege of issuing their own notes, and he has suggested that they should be paid what is fair and proper for the relinquishment of the privilege. Unfortunately, Mr. Orton and those who share his views are the worst enemies of a real Government issue. Unless the most ample security be given that every Dominion note issued shall be redeemable in specie on demand, the present system should be rigidly adhered to. The advocates of fiat money in the United States and Canada have been the most persistent enemies of a Government Bank of issue, for they have on all occasions advocated an inflated currency, irredeemable in coin, and of course fluctuating in value daily, and thus rendering all transactions unreliable. Canada had such ample opportunity of realizing the disastrous results of an irredeemable currency during the period that specie payments were suspended in the United States that it is amazing that a member of Parliament should be found who is prepared, without the least necessity, to inflict upon the people all the evils which our neighbors were most reluctantly compelled to endure owing to the debts contracted during the civil war. We sincerely hope that it is impossible that Mr. Orton can find in the Dominion Parliament any considerable number of supporters of his most objectionable proposition.

THE PROVIDENT MUTUAL.—We present our readers with the other side of this question, being a review of Mr. Hopper's statement. The writer, it will be observed, follows the course of the company for three years, but seems to prove that Mr. Hopper was wise in refusing the offer of \$7,000 a year for the management, and we think also shows what the members of the Provident Mutual pay for the security they get. The subject is not yet exhausted.

WANTED—AN INSOLVENT ACT.

Editor JOURNAL OF COMMERCE:

DEAR SIR,—Is anything likely to be done at this session of Parliament toward giving the country a Bankrupt Act? The necessity for some law for the protection of creditors against the iniquitous practice which prevails among