

fought with the proverbial bitterness of all religious controversies, and, while it could have but one issue, would inevitably leave behind it wounds which would be sources of weakness and soreness that would be disastrous to national peace and prosperity for long years to come.

It is to be regretted, we think, that Mr. McCarthy, while so clearly seeing that the "National Policy" which he helped to frame and bind upon the neck of the country, has outlived the usefulness which he anticipated for it and supposes it to have had, and is becoming an intolerable and crushing burden upon farmers and consumers generally, still regards the faults of that policy as merely those of degree, rather than of underlying principle. The difference between his position and that of his old colleagues is by no means wide enough to warrant the attempt to make it the rallying cry of a serious revolt. Had he been able to take a more radical position, had his eyes been opened to perceive that the underlying principle of protectionism is politically unjust and immoral; were he prepared to maintain that it is really an outrage upon the rights of a free citizen for the Government to take more from him in taxes than is absolutely necessary for the economical carrying on of the business of administration; that to compel him, under penalty of heavy tariff is, if possible even a worse outrage to fines, to purchase his goods in a dearer instead of a cheaper market, in other words, to pay tribute for the support or enrichment of a fellow-citizen, he would have been enabled to take his stand upon a principle broad enough to form the central plank of a broad platform. More than that, he would have placed himself on the right side of the most important question in Canadian politics, not to say in modern statesmanship. We do not despair that he and many others of the old Conservative party may soon be driven by the combined force of the irresistible logic of political science and the facts of observation and experience to range themselves, as Col. Boulton has done, unmistakably on the side of commercial freedom. Has it never occurred to Mr. McCarthy, in the course of his advocacy of "Equal Rights" for all classes of citizens, that the taxing of one man's purchases for the benefit of another man's business, is as gross a violation of the principle of equal rights, as any of the measures he so justly and eloquently denounces?

### THE ARGUMENT FOR BI-METALLISM.

For nearly twenty years, commencing about the year 1873, there has existed with greater or less intensity throughout the commercial world in Europe and America, a condition of discomfort which differs from former periods of depression in its apparent permanence. At the same time there has been an immense expansion of the volume of business; so that, while profits are at a minimum, the turnover is enormously greater. A continuous fall in prices, not only of commodities but of property of all kinds, has inaugurated a process of centralization by which the larger are swallowing up the smaller concerns only to be themselves absorbed by still greater aggregations of capital. The smaller manufacturers, as well as the in-

dependent freeholders of commerce, maintain their ground with increasing difficulty; and, as large corporations multiply, the class of dependent wage-earners must increase. The man of business who, by his personal activity and skill, might pay a good rate of interest on the borrowed capital supplementing his own, is succumbing to the continuous fall in prices which steadily wipes out his margins; much as the tenant farmer has been losing while the value of land excepting in large cities has been falling. Capital is abundant, interest was never lower, farming land is cheaper than ever, but, in the face of a continuous fall in prices, with no prospect of a check, the borrowers and users of capital and managers of land can see little promise of profit.

This process, until it is consummated by a revaluation of all property in material things, must continue to cause uneasiness. The laws of political economy work their dispassionate course, like the laws of physical science and their effects extend from class to class heedless of individuals. The fall in interest pinches smaller investors who are not consoled by a fall in prices for the loss of half their incomes and the peril of the rest. The large capitalist may suffer at the outset by the shrinkage but he is not ruined and his surplus of saving over his living may be profitably re-invested in the wreckage of smaller fortunes. The salient characteristic of modern business is the elimination of men of moderate means, but such a class has always been considered to be the cement of society. To build up that class has been the aim of every great political thinker from the time of Moses. In our day it is the main barrier against an exaggerated socialism which is advancing with very rapid strides in consequence of the widening gulf between the rich and poor.

Many writers on political science have dwelt with much satisfaction upon what they call the abolition of the "middleman" man, but it is a question whether the working classes have benefited much by it. The condition of the working classes has improved; but the very rich and the poor are now as never before coming face to face, and labour unions and strikes show that the working classes think they do not enjoy their fair proportion of the increased economy in distribution and production, while the fall in prices is compelling a resort to lock-outs for reduction of wages. The wide diffusion of education, both by the multiplication of schools and colleges and the universal permeation of newspapers, tends to increase the discontent of the working classes when they compare their condition with the occasionally ostentatious luxury of the very rich. It is not sufficient for them that they are better fed or clothed than before for the improvement of their condition lags far behind the awakening and increasing needs of a progressive civilization.

Many of the vicissitudes of modern commerce are due to the substitution of currency for money. This has now reached its utmost conceivable development; for trade is now carried on with the smallest possible amount of real money. Bank notes, cheques, drafts, bills, telegraphic orders, cable transfers, and a thousand other devices are carrying on the exchanges of commodities with credit money;

so that, by this substitution, the steadily diminishing supply of gold has passed almost unnoticed and it passes without remark that the reserves of that metal have not increased in proportion to the immensely expanded volume of the world's business. All this mass of currency consists of promises of various sorts to do that which it is absurdly impossible ever to do—namely, to pay all obligations in gold. Hence in England the inflow or outflow of a few millions of the specie of the Bank of England reserve is a subject of profound interest, and the support of a large banking firm is a matter of national importance. A reference to a table in "Fenn on the Funds," for 1889, will show that while the national stock of coin and bullion in the Bank of England from 1884 to 1886 increased 43 per cent., the proportion of total reserve to total liabilities has fallen from 58 per cent. to 41 per cent. It is somewhat paradoxical in an age of materialism and scepticism that the basis of all finance is faith—faith that the continually decreasing volume of gold can liquidate the continually expanding volume of obligations convertible on demand; which reason demonstrates to be impossible.

The function of credit, or commercial faith, is that it acts as capital and economises real money. The economy, however, accrues disproportionately to those who already have large means; for they only have a reputation of wealth and obtain the additional power of credit capital. So while the amount of gold may grow less, capital may continue to increase in the hands of those who control the springs of credit. Some such idea as this is at the bottom of the conviction of the working-classes that their material advantages have not increased "pari passu" with those of the richer classes. It should also be remarked of credit currency that, being based on faith, its volume is subject to the passions of men unconsciously acting, as in seasons of "boom" or panic, or consciously under the influence of interested motives. These alterations fall most heavily on those whose margins beyond their living are small.

This stupendous mass of credit currency, being based upon the opinion that it can, at will, be liquidated in money, the fact results that real money is still, as it always has been, the measure of the value of all other property. In this quality resides the chief value of the precious metals; for, from the dawn of history, men have concurred to employ silver and gold for that purpose. Inconvertible paper money will raise prices locally and fitfully where it is legal tender; but an addition to the world's stock of real money raises prices universally; for the benefit of its stimulating properties flow from class to class and from nation to nation; all sharing a profit until equilibrium is reached. This is not a theory only, but a fact in history shown by the effect of every addition to the stock of the world's metallic wealth whether by the gold of the early American discoveries, by the added silver of the mines of Potosi, or by the more recent gold of California and Australia. In like manner the subtraction of one-half of the world's metallic wealth, through the cancellation of the exchangeable value and the debt paying power of silver, must cause a loss which will not be confined to the silver kings of Nevada or the ryots of