

pare to carry out the provisions of the act of January 1875 in 1879, and not a single step has yet been taken to accumulate a gold reserve wherewith to retire legal tender notes when they are made redeemable in gold." The "vigorous action" is not required to *prepare* but to *perform*. The justification for the delay in resuming specie payments until 1879 was the great depreciation of the government notes when the act of 1875 was passed. That difficulty no longer exists, as the President has pointed out. So great a boon to the country as resumption cannot be obtained without cost, but, whenever the country chooses to incur the cost, the object can be speedily accomplished. The surplus of revenue over expenditure has not been very large in recent years, but it has been employed almost entirely in extinguishing the interest-bearing portion of the war debt, about one-fourth of which has now been paid off. Had it been employed in redeeming 100 millions of the greenbacks they would long since have been at par with gold, and all other schemes of resumption are illusory. There must be a special loan for the purpose, and it is quite indifferent whether it is made payable in gold or in greenbacks.

The second point discussed by the *Bulletin* we shall briefly discuss: So far as it bears on the special subject now under discussion, the words attributed, we know not how justly, to the President, are open to the criticism of the *Bulletin*. The question is not between foreign and domestic manufactures, as the President is made to say, but it has been one of economy in the consumption of the luxuries, and even of what may almost be termed the necessities of life. People have been living too extravagantly both in the United States and Canada, and general retrenchment has become absolutely necessary. "Poverty and economy," says the *Bulletin*, "have taken the place of abundance and extravagance." Our contemporary says that "when trade revives and old habits return," we shall consume again more of domestic and foreign products. Of course we shall, and we are all anxiously looking forward to the revival, but it is the present economy that will alone produce the results that we so much desire. We recollect many years ago hearing an experienced English manufacturer make a remark which has ever since been impressed on our memory. It was that, whenever the bank of England raised its rate of interest above 5 per cent., every individual in England instantly began to economize. It is the diminution of consumption on the part of the masses

that alone will relieve us from our difficulties.

The third point noticed by the *Bulletin* we have already discussed under the 1st head. The President is charged with having said that there is a demand for United States securities by the capitalists of the Old World, while the *Bulletin* insists that this is a mistake, and that these capitalists are sending back the United States securities to the capitalists of the New World. Now what we have to point out to the *Bulletin* is that, as bearing on the resumption of specie payments, it is a matter of perfect indifference whether the capitalists of the Old or the New World purchase the bonds which it will be necessary to float. We admit that, if United States securities are unmarketable, either in the Old or the New World, it is better to go on with an inconvertible currency, deplorable as the consequences may be; but, inasmuch as the experience of the last few years has taught us that there has been a gradual reduction in the rate of interest on United States government securities, it is immaterial whether the capital is furnished by Europeans or Americans. In an article in the *New York Shipping List*, it is said "whoever supposes that 'anything but contraction in one form or other will raise the value of greenbacks permanently to par will sooner or later discover the mistake';" and, again, "the Government could and should take advantage of the situation, and provide itself with as much of this surplus gold as possible by selling its interest-bearing obligations." It is strange that it did not occur to the writer, whose views are quite sound, that the same effect precisely would be accomplished by selling the interest-bearing obligations for greenbacks, and thus reducing the redundant circulation.

The fourth point discussed by the *Bulletin* is founded on the supposition that there would be a special recommendation by the President to grant authority to the Secretary of the Treasury to provide for the redemption of legal tender notes on and after a fixed date, and to sell \$100,000,000 of bonds bearing not more than 4 per cent. interest, "to be used in funding legal tender notes as they come in." We concur with the *Bulletin* that the Treasury could scarcely resume with less than \$100,000,000 of gold in its vaults, but we entirely dissent from his opinion that it would be "an impracticable operation" to sell a hundred millions of bonds for gold or for legal tender notes. The weak point, in our judgment, in the suggested scheme is the limitation of the rate

of interest to 4 per cent. when  $4\frac{1}{2}$  per cent. bonds have very recently been placed on the market. We do not believe that 4 per cent. bonds can be sold at par for gold. It may be contended that greenbacks are not equal to gold. We admit it, but the proper course would be to offer  $4\frac{1}{2}$  bonds either in Europe, for gold, or in the United States, payable in greenbacks by tender. It would be just as efficacious towards the resumption of specie payments to withdraw greenbacks from circulation as to obtain gold to redeem them afterwards. The probability is that  $4\frac{1}{2}$  per cent. bonds would bring a premium in greenbacks, and the object would be effected. The wisest course would be to sell monthly say ten millions of  $4\frac{1}{2}$  per cent. bonds by tender, payable in greenbacks, and to continue the operation until they were at par with gold. We must confess that what we like most in the President's message is the indication that it is not contemplated to commit the egregious blunder of attempting to withdraw from circulation the legal tenders of the government. Those notes when made equal to gold, as are the notes of the Canadian Dominion, will be a most valuable currency. The great desideratum is to economize the use of gold while maintaining a currency in every respect equal to and convertible into gold on demand. Now if there is to be a return to specie payments in the United States, and we believe that there is a very general feeling in favor of such a policy, the National banks throughout the Union must be prepared to pay their deposits and notes in gold or in some substitute such as the present legal tenders. The cost of maintaining gold reserves in every city and town throughout the Union would be enormous and perfectly useless. A government reserve at New York sufficient to meet the export demand would be all that is necessary. We have no doubt, therefore, that the present legal tender circulation should be maintained, but that it should be convertible into gold and that we infer, is, what the President and his advisers desire. What amount of circulation would be required, it would probably not be easy even for our much better informed contemporary the *Bulletin* to determine. We have assumed, for argument sake, that \$100,000,000 would be sufficient. If specie payments were resumed legal tender notes would of course be receivable for all custom duties, and there would be an end to coin certificates. We have no doubt that if from 50 to 75 millions of greenbacks were redeemed the remainder of the present issue would be required and would be kept in circula-