

lying like a belt of Martello towers around the coasts of that continent. At Batavia, Australia is brought into contact with the Kingdom of Holland.

Recently Germany and France have been suffered to establish themselves, in spite of Australian protest, by the supineness of the most woful Government that has afflicted England since the American Revolution: by the last act, perhaps, of the ancient system of centralized mismanagement, before its expiry. Such separations and diversities, although they by no means defy continued union, must qualify its terms. To reconcile the diversity of these local commercial interests, and administer their internal foreign relations, by one central council, constituted on any fixed principle of relative representation, would soon be found to be imposing a duty beyond the wit of man.

No institutions would contain within themselves the promise of long endurance which left out of account the low average of human nature. Justly proud as we may be of the character of our race and of the grand accomplishments of its history, we must reconcile ourselves to the expectation that liberality and breadth of view are likely for a long time to be rare qualities, even among public men.

Between so many small and ambitious states we must look for many exhibitions of petty jealousy and local selfishness. We must not be surprised to find narrow, mean and short-sighted views prevailing with the majority in each of our confederated nations. Optimism is at all times far from the mood of statesmanship. Enthusiasm sometimes enacts constitutions, but how seldom does it remain to work them!

It is only necessary that it should be more distinctly manifested that the Colonial Ministry are not taken into council by the British Ministry as mere *amici curiæ*, but are the proper constitutional advisers of the Imperial Sovereign in respect to Colonial interests.

In making treaties and diplomatic questions affecting Canada or Australia, the Crown acts by and with the advice of the people; Canadian and Australian Privy Councils are taken into consultation. If Canada, for instance, in its peculiar situation, in the immediate neighbourhood of a great foreign power, has arrived at a stage which seems to call for a novel development, the development can readily be made from the fundamental principle of our Government. The question comes home to Canadians chiefly in dealings with the United States. In Europe and Asia Canadian interests are but a fraction of the mass of British interests in connection with those countries. A Canadian Ambassador at the Court of Spain or Italy would be an expensive and an almost useless ornament. But with the United States the conditions are reversed. Canada has probably more interest in having direct communication and an influence at the seat of that Government than Great Britain herself has. She has therefore strong grounds for claiming that her statesmen should have a distinct position, recognized not only in practice by the Home Ministry but in form, so that it shall be brought to the official notice of the foreign Government.

Canada is the point of contact of the two systems of nations which compose the English-speaking people; upon it the two masses revolve. No machine can run without jar if it runs upon loose bearings. The present position of Canada in regard to diplomatic relations between the Empire and the United States makes it a very loose bearing indeed. With the United States Canadian relations are incessant. Often it is of the first importance, not only that our right should be well presented before that Government, but that no legitimate means known to statesmen of maintaining a cordial good understanding from day to day should be left untried. Yet the British Minister at Washington is not a representative of Canada. His knowledge of that country may be nearly as slight as that of a Southern Senator. There have been British Ministers to Washington who during their whole term of office have not once set foot in Canada. A Canadian official has not been seen at Washington except at rare intervals, when he comes in the humble attitude of a petitioner or in the invidious character of a contestant.

Consistently with constitutional principle, Canada, being one of the units composing the Empire, and the unit or atom in direct contact with the United States, the British Minister at Washington should be the express representative of Canada, as well as of Great Britain. The selection should be made by the Home Cabinet in concurrence with the Government of Canada. Ottawa should be the mouthpiece of Imperial instructions and the channel through which ambassadorial reports should pass.

When the time comes that the British Minister at Washington shall present credentials countersigned by the Canadian Secretary of State, Canada will be recognized as having acquired a new footing. She will then no longer appear to the neighbouring nation as a silent dependency of Great Britain, but an integral part and sharer in the Government of the British Empire, so far as it relates to her special interests. The mere assertion by that step of a unity of interest and policy between the two countries would go a long way to gain a respect at Washington for the interests of the British Empire, which British and Colonial diplomacy, wavering and undecided, as it is now, is not able to command.

The appointment might still, by preference, be an English nobleman of diplomatic training, who would be more influential at the Republican capital than an untitled Canadian. But he would receive his instructions from Ottawa and be expected to thoroughly inform himself on the spot regarding the interests most immediately in his hands.

But by an inevitable reflex action the change would communicate to another Imperial office a definite and consistent part in the Imperial scheme, which it now obviously lacks. Constitutionally the Viceroy cannot be regarded as wielding any greater authority than Her Majesty: whose sign manual he is deputed to attach to the orders of her Colonial Council. He comes to us in the form of a diplomatic representative at our Council Board, rather than as a Governor. This dual footing is destined, I think, in the future to be frankly developed in a new direction. In ordinary course the Governor will preside over the Canadian Privy Council as the personal representative of the Queen. But when occasion arises, he will be authorized to join his voice, in its consultations, as the Imperial Foreign Minister for the continent of America.

It is not desirable that an office once so important and still so conspicuous as that of Governor-General of Canada should become atrophied for want of a function. We are in danger of seeing the appointment pass from the hands of a succession of Imperial statesmen of the highest order to men of secondary rank. Great Britain can hardly be expected to spare her Dufferins and her Lansdownes to be the mere correspondents of the Colonial Office. But the greatest abilities would not be thrown away, if the office were once raised to importance and responsibility in the manner proposed. Its occupant would necessarily rank as the holder of a virtual position in the Imperial Cabinet, rather than as a subordinate of the Colonial Minister. He would form, in relation to foreign affairs, the link between Her Majesty's Council for Great Britain and Her Majesty's Council for Canada. His post would be one of real influence, instead of one of nominal and empty dignity.

It might be necessary to take some precautions against the intrusion of party feeling into such an appointment. Even that is not beyond the bounds of possibility. It might be made customary for Her Majesty's Cabinet to make the selection in consultation with the leader of the Opposition. Such conferences on the floor of the House have more than once taken place on critical occasions, and there could not be a better opportunity or a stronger cause for extending the happy precedent of neutrality. The precedent, if successful, might ultimately be carried further. Nothing would be more desirable, if it were possible, than that, in every representative government, the whole subject of foreign affairs should be abstracted from the more and more reckless internal wars of faction.

The Reciprocity Treaty of 1854 shines out with exceptional brilliancy from the confused and cloudy history of British diplomacy on this continent. We have not far to look for the explanation of the success of that honourable, wise and universally satisfactory convention. It may be traced, I believe, to the fact that, in that one instance, the able statesman to whom the interest and power of Great Britain were plenarily entrusted had also become duly informed upon the subject matter in his contemporaneous capacity of Governor-General of British North America. The head of Her Majesty's Canadian Council, and the representative of Her Majesty's Council in London, went to Washington, fully equipped for the representation of the interests of that part of the Imperial Dominion. No spectacle of divided Councils was then presented to a foreign nation. The will of the united Empire found expression in a constitutional manner, speaking by a single voice.

The procedure was constitutional, simple and intelligible. Contrast our representation at the later Washington treaties. In appearance at least, nothing could be clumsier or more wanting in consistency. The chief representatives of the British Council had scarcely set foot in Canada. Beside them sat the resident British Minister at Washington, scarcely better informed, with a member of the Canadian Cabinet as a nondescript addition. On the later occasion the Imperial envoy submitted himself to public cross-examination by an American reporter on the eve of his delicate negotiation, and manifested by his answers that he had no clear idea as to what was meant by the position of the representatives of the Empire. Mr. Chamberlain, as reported, seems to have wavered between the view that he represented preëminently the Empire and the view that he was representing the local interests of Great Britain as distinct from those of another portion of the Imperial Dominion. No wonder that he also expressed a doubt whether Canada and its fisheries would always remain under the flag of the Empire. He had no clear conception that the Empire as a constitutional union of states had any existence.

There is no reason for being fussily concerned over at once giving a perfectly systematic form to these developments. In the future such changes as may be required must come, almost of themselves, suitably to each case, as soon as we have determinedly set our minds on the perpetuation of the magnificent Union of which we form a part.

O. A. HOWLAND.

## CORRESPONDENCE.

### THE CURRENCY QUESTION.

To the Editor of THE WEEK:

SIR,—I have not much to say in reply to "Sound Currency's" letter in THE WEEK of Feb. 15th. There is an evident disposition on the part of the writer to represent me as the advocate of an extension of Government currency. I decline to take the position thus thrust upon me. My aim in dealing with the question is a less ambi-

tious one, namely to call public attention to the necessity, when the bank charters are renewed, of providing remedies for two admitted defects in our present bank note issue. These defects are, first, the annoyance and loss inflicted upon Canadians by the refusal of the banks to take each other's notes at par, and second, the loss inflicted upon small note-holders when a bank goes into liquidation, or even suspends. My advice to the bankers to provide remedies for these two evils was accompanied by a warning that failure to do so would give rise to an agitation for the extension of the Government currency. That warning I repeat, and if "Sound Currency" or Mr. Goldwin Smith has any plan to offer I, for one, will be glad to hear what it is. Their time and your space would be put to a better use than in uttering warnings against imaginary dangers or trying to force a discussion of the whole currency question. I expressed in my last letter my belief that "Sound Currency" is a practical banker, and he does not disclaim the imputation. What is his way of securing bank note holders against the above risks of loss?

I might have left the matter at this point but for "Sound Currency's" curious way of answering my very plain question: What is the difference in principle between a bank currency based on a reserve of thirty-three and a third per cent. of specie, and a national currency based on a still smaller amount? It is no answer to this question to say that "it is the function of a bank to issue notes with reference to its ability to redeem them, and it is not the function of a Government to do so." My rejoinder is (1) that it is no necessary part of the functions of a bank to issue notes at all, (2) that we would have just as much banking done as we have now if the note-issuing powers were withdrawn from the banks, (3) that it is the function of a Government to issue notes with reference to its ability to redeem them if it issues them at all, and (4) that the relation between circulation and reserve may be fixed by statute and not left to the discretion of a reckless Finance Minister. So far as redemption is concerned there is no difference in principle between bank bills and Government notes so long as the reserve in each case is so small as to make immediate redemption of all outstanding currency impossible. No bank keeps the amount of its outstanding notes down to the limit of "its ability to redeem them," and there is no law to compel any bank to do so.

"Sound Currency" raises a new and interesting point when he states that "financial writers are at this moment discussing the probability of a run upon the United States Treasury for the redemption of all notes payable in gold, on account of the issue of silver notes having nearly upset the financial equilibrium." Every one who has watched the progress of financial events for the past few years in the United States has foreseen this trouble, the cause of which is not the issue of Government notes, but the issue of silver certificates, each representing a silver dollar that is intrinsically worth less than ninety cents. In compliance with the well-known principle called Gresham's law these silver certificates are driving out the other forms of paper currency, just as the dollars they represent would under the operation of the same principle, drive out more intrinsically valuable silver and gold coins if no certificates were issued. The cause of the trouble is not an insufficient guarantee of redemption of the true national currency, but the coining of \$24,000,000 a year of these cheap silver dollars. Were Congress to repeal the Bland coinage law all symptoms of a "run" on the Treasury would soon disappear. The "run" would have taken place long ago but for the power of a great and rapidly increasing population to absorb new currency to an enormous amount before the point of complete saturation is reached. While speaking of these same silver certificates let me remind "Sound Currency" that though one of them represents less than ninety cents, it passes from hand to hand in Toronto for a hundred cents, and that silver certificates would be safer than Canadian bank notes for a Toronto man to take with him if he was going to make a tour of the Maritime Provinces.

I need not take up space in dealing with the causes which have brought about the depreciation of Government currency in other times and other lands. I am not an advocate of such a currency; and even if I were my critic does not say that Government currency properly limited would not be proof against "runs." He merely expresses a fear that the currency would not be "properly limited." If it is of any interest to him to know it I may tell him that I share that fear.

The assertion that the flexibility of our currency would be "almost entirely gone" if the Dominion Government were to issue five dollar notes may be true, but I cannot accept it without some proof. There are various ways, which I need not even mention here, in which sudden and temporary demands for more currency may be met without either the banks or the Government increasing the amount of their outstanding notes. I am not concerned to show which is the better way because the elasticity of our present system of currency is, to my thinking, one of its best features. My earnest hope is that some way may be found of preserving that feature and at the same time freeing the holders of bank-notes absolutely from risk of loss.

On the last point in "Sound Currency's" letter I have to say only that if the "question of profit" on their currency issue is seldom discussed by bankers it is often discussed by demagogues and by the advocates of national currency both redeemable and irredeemable. I hear these discussions constantly, and they now and then come up in Parliament. Probably they will do so again when a pro-