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A GREENBACK PARTY.

Wendall Phillips, in the current number of the *North American Review*, announces that a new political party, which he calls the Greenback Party, has come into existence. The creed of this party is "that there is no need to tie the currency to specie," and consequently no need for resumption. The Greenback party contends that "paper answers every purpose" of currency. Mr. Phillips avers that "the plan and notion of a specie basis," have always been a sham in the States, and he is inclined to apply this dictum to England as well. "Sir John Lubbock," he says, "found that only fifty cents of coin were used in a hundred dollars' worth of business," and he adds, on the authority of Professor Jevons, that "the whole fabric of England's vast commerce rests on the improbability that her merchants will ever want, at one time, one twentieth part of the gold they have a right to demand;" and further, "that before cheques were used in the London clearing-house, fifteen million dollars of debt were settled by the use of one million dollars of bank bills and one hundred dollars of coin." But whether the gold used was little or much, it suffices to maintain specie payments, and furnishes no argument in favor of an irredeemable currency. Mr. Phillips is not quite correct when he says that France and England have been obliged to resort to paper currency upon every emergency; and if the Bank of England has more than once been obliged to ask a suspension of the restriction of the law of 1844, it remains true that specie payment has been maintained.

The Greenback party takes the bold ground of denying that gold is a trustworthy standard. "During the rebellion," says Mr. Phillips, "gold—measured by the prices of twenty of our great staples—varied more than any of them, except cotton, the cause of the war." Mr. Phillips, no doubt, refers to the Greenback value of these goods, so that properly speaking the question he raises is of the relative value of

gold to greenbacks. It was the greenback in which the principal fluctuation occurred, and that fluctuation was caused by the varying fortunes of the national Government, whose credit went up and down as the rebellion seemed likely to be subdued, or as it gained momentary triumphs over the national forces. But Mr. Phillips goes to England for proofs of the instability of gold as a standard. He quotes Professor Jevons to the effect that measured by more than a hundred articles, gold fell 46 per cent. from 1789 to 1809. Here again, the comparison being taken during a suspension of specie payment, the value of a hundred articles in question was measured in paper money; and what really happened was the lowering of the purchasing power of that money, rather than the rise in the value of gold. Nor is it true, as put, that "from 1809 to 1849 gold rose 145 per cent., rendering Government annuities and all fixed payments extending over this period, almost two and a half times as valuable as they were in 1809." The true explanation must be that the value of other articles fell much more than that if gold rose, or that the seeming fall was owing to a change in the measure of value. That the value of gold may have fallen since 1849, owing to the great production is probable; though whether Professor Jevons is right in placing the fall at 20 per cent. between the years 1849 and 1875, or whether Professor Fawcett is right in placing the depreciation at 25 per cent. in a less period—twenty-five years—or whether the truth lies between them, we think there is no doubt that gold has undergone a diminution in value since the Californian and Australian discoveries.

But what then? Does it follow that Government securities afford a better standard of value? At one period, during the American War, gold almost touched 300 in greenbacks. We are told that the value of the consul never changed; in spite of the fact that it has been known to sink to 60. It is utterly fallacious to take the average price of consuls, during so long a period as forty-one years; since it is not the average but the exceptional price that is the difficulty, when a standard is required. If the greenback were allowed to exist forty-one years, it would be easy to show that its average value had not been much below par; but the fact of its great depreciation, during a part of that time, would remain. The average temperature of a particular place, during the year, may look inviting; but 95 in the shade, at one end, and ten degrees below zero at the other, are suggestive of discomfort.

The Greenback party having persuaded

themselves that Government securities ought to be less fluctuating in price than gold, propose to found the national currency on a Government bond, bearing a low rate of interest. And the interest would, of course, be paid in greenbacks. Mr. Phillips asks the Republican party to absorb the Greenback party, by adopting their opinions; and if they do not chose to do this they must, he assures them, accept annihilation at the hands of the new party. It will be interesting to watch the issue of this movement.

FINANCIAL REVIEW.

We base our monthly review on a comparison of the May and June returns of the Banks to the Government printed below:

LIABILITIES.		June 29, '78	May 31, '78
Capital authorised ..	\$63,966,666	\$63,966,666	
Capital paid up	58,011,461	57,999,572	
Circulation	17,162,611	17,052,215	
Government Deposits	5,821,651	5,831,419	
Public Deposits on demand	33,149,081	32,542,041	
do do at notice.	25,797,494	25,467,949	
Due Banks in Canada	1,857,752	1,337,321	
do not in Canada	1,564,106	1,738,868	
Sundries	157,723	199,955	
	\$85,510,418	\$84,160,768	
ASSETS.			
Specie & Dom. Notes	12,644,908	13,042,016	
Notes & Chqs. of other Banks	3,678,208	3,461,600	
Due from other banks in Canada	3,875,110	3,071,235	
do not in Canada	5,595,210	5,618,720	
Available assets	\$25,793,436	\$25,193,571	
Government Stock...	2,550,637	2,550,637	
Loans to Government	946,158	929,576	
Loans to Corporations	3,541,908	2,973,870	
Discounts current...	113,569,240	114,510,190	
Notes Overdue	5,880,664	6,150,449	
Real Estate	1,899,924	1,801,702	
Bank Premises	3,110,320	3,108,058	
Other assets	1,432,529	1,399,857	
	\$158,724,816	\$158,617,910	

It is gratifying to observe that an analytical digest of these returns encourages the belief that more prosperous times are at hand. Let the fact, that this year, in all probability, the country will be blest with the most prolific harvest it has had for many years, be a still further indication of a decisive turn of the tide. In the liability column, it will be noticed that circulation has increased \$110,000. This item, we venture to believe, reaches its lowest figure in May, and that a steady outflow will be perceptible in future months.

Deposits are \$936,500 more than the previous month, the following banks having gained considerably in their current account and deposit receipt balances: The "Canadian Bank of Commerce" advances to the extent of \$224,700; "Imperial," \$154,200;