

ginal insurgents were joined by considerable numbers, as they pursued their march, may indicate preconcert; but allowance must be made for the fact that a good many who were workmen unemployed went to swell the ranks of the insurgents. The Government acted with promptitude, showing that it understood how desirable it was to crush the rebellion in the bud. The arrears of soldiers' pay were made good, and three months' future pay was advanced. The principal chance of the rebellion probably lay in the extent of the strength which it could gather in a short time after the first outbreak; though, when we consider the persistency which the previous insurrection maintained for years, it is not safe to predict the fate of any movement of the kind which is only a few days old. A telegram from Key West, Florida, states that a number of Cubans and others there were preparing to set out to join the insurgents.

It may be, as alleged, that the destruction of Mr. Henry George's book on Free Trade, in the Canadian post-office, because the postage was not paid, was according to law and custom. The sender had put on it a Congressional frank which was inoperative in Canada, and so the parcels were condemned to destruction. It is nevertheless a pity that this literature was cremated; for the book, though somewhat extreme and erroneous in some points, is mainly in the right road, and its distribution would have done more good than harm. In such a case, it would have been better to notify the sender that the frank did not cover postage, and give a chance for the release of the work. It should have been sufficient if the postage had afterwards been paid. This book, we cannot doubt, had a considerable influence on the American elections; and it was calculated to lighten some dark spots in Canada, if the opportunity had been given. Among other things it exposes the fallacy of the assumption that workmen are, as a rule, benefited by a policy of Protection.

THE FINANCIAL SITUATION AT WASHINGTON.

Now that all the facts are known connected with the negotiation of the United States Government for a temporary loan in New York, the refusal of the banks to part with their gold, on the conditions proposed to them, it is evident, was the dictate of prudence, which they could not safely have disregarded. The Government did not offer the banks a security which could have been of use to them in their ordinary operations. The Treasury certificates offered as security for the loan, could not, like bonds, be made the basis of a note issue, or be made to serve the purpose of replacing the lost gold. It was not even certain that the certificates would be redeemed at the end of the year; the Government might, in the terms of the proposal, instead have exercised the option of issuing bonds after a year had passed. This option, besides being in favor of the Government, would have introduced an element of

uncertainty into the business of the bankers. The effect might indeed have been to transfer the pressure for gold from the Treasury to the banks. The amount of gold held by the latter was dictated by a reasonable prudence; it was not lying in the vaults awaiting the demand for a Government loan of the magnitude of \$50,000,000. No doubt the banks would have been willing to aid the Government if they could have done so without imperilling the interests committed to their charge. At present, the pinch for gold is felt by the Government. The heroic resolution to pay gold, in answer to all demands, even if the option of paying in silver would be legal, evinces punctilious regard for the honor of the nation. This option was liable to be exercised under possible circumstances; that it will not be availed of, only shows that the administration is better than the law. The decision is a wise one, for nothing could be more disastrous to the nation than a resolution to make silver, in its present depreciated condition, do the work of gold. The resolution to maintain the parity of the two metals can operate only in one direction; as defence of the maintaining the gold standard, it is valid; but by no possible process can silver be brought to a parity with gold. The gold reserve, held for the redemption of greenbacks, has already fallen below the legal requirement of \$100,000,000, and it is liable to go even lower than the point previously reached. The law of honor, which requires payment to be made in gold, can be observed only by breaking a law of Congress. The administration is between two fires, and it is bound to be scorched by one or the other. But the Government ought not to have been forced into a position which, whatever way it is decided, would require an act of indemnity from the Legislature, or leave it exposed to censure, though it had done the best it could under the circumstances.

The New York banks were willing to make a loan of fifty millions of gold in return for United States bonds at ten years; and they are accused of desiring to force the Government into an issue of bonds, which could be used as the basis of a note issue. The deposit of securities, in exchange for National bank notes, has come to have attraction for the banks. They get the interest on the securities and can make use of notes for the purpose of circulation. This double profit would not be willingly parted with; hence the popularity of the National bank system with bankers, now that it has been fully established. The circulation of the several State banks has been killed by a tax of 2½ per cent. on their notes. The States cannot retaliate by a tax on the National bank notes. It was so decided as long since as during the term of the Second Bank of the United States. It is not at all certain that the discrimination in favor of the National banks will be continued. In fact, the Democratic platform on which President Cleveland was elected calls for fair play for the State banks. If this meant, as is often represented, a return to an unsecured note issue, it would be fraught with danger. But some change may take place which

will be of service to the State banks is possible; and the fact that such a change is contemplated gives the Administration party an advantage in negotiating with the National banks for a loan. From the time of the chartering of the First Bank of the United States to past the close of the Second and the final establishment of the Sub-Treasury, the chartering of banks and the disposition of the public deposits were always party questions. When application was made for the charter of the First Bank of the United States, Jefferson, then Secretary of State, and Randolph, Attorney-General, reported that Congress had no power to grant the demand; whereupon President Washington asked Hamilton to answer their arguments, and he did so. The Democratic platform leaves a loophole for the re-opening the bank question in a new form. There is not likely to be an attempt to coerce the New York banks into making a loan on terms dictated by the Government; but the hint is thrown out in the Democratic organs that the National banks will be likely to require all the friends they can muster in Congress.

It was scarcely wise in these banks to insist that the issue of bonds, in exchange for \$50,000,000 of gold, should be for ten years. The right of the Government to issue a gold bond is questioned, not captiously, but in good faith. This view is based on the following facts: The right to issue bonds is conferred by the Resumption Act of 1875 and the Refunding Act; and such bonds when issued are redeemable in coin of the standard value, that is, gold or silver, and the four per cent. bonds issued in pursuance of these Acts so read; they are "redeemable in coin of the present standard value, at the pleasure of the United States, bearing interest payable semi-annually in such coin." But at the time of the passage of those Acts and between July, 1870, and February 12, 1878, silver coins having left the country and gone where they were of more value, were not obtainable; and all the bonds issued between these dates it appears were sold on the distinct pledge of the Government that they should be redeemed in gold. But, now that there is an abundance of silver in the treasury, \$419,000,000, a gold bond could not be issued, under the Resumption and Refunding Acts. If these facts are conclusive, as they appear to be, no gold bonds can be issued by the Federal Government. Any bond issued would be payable in coin of standard value, that is, gold or silver and the reasons for giving a pledge to pay only in gold, because there is not silver in which to pay, cannot, it is contended, be repeated, when there is plenty of the white metal in the treasury. And although the value of silver has enormously decreased since July, 1870, its standard or legal value remains unchanged. The chances are that, in the present state of the law, any attempt of the Government to sell United States bonds would fail of success, and that even the banks which have offered to take bonds would refuse to carry out the exchange, when the exact state of the law was before them. The reason why the Government proposed to borrow on treasury certificates is now plain.