THE WOOL TRADE.

THE imports of foreign wool at New York for the first half of the calendar year are only about half the quantity and value of those for the same period of last year. For the first six months of 1867 we imported 13,000,000 lbs, valued at $2,233,000. against 6,700,000 lbs. this year (1868) valued at $1,105,000. The decrease has been principally in the arrivals from England the Argentine Republic and Mexico, while those from Russia have been doubled. The abundance of the home crop, especially in California and Texas, has limited our wants for foreign descriptions. The following statement shows the comparative receipts for the first six months of 1867 and 1868:—

Imports of Foreign Wool at New York during the first six Months in 1868, *and for the same time in* 1867.

	1867.		1868.	
	Weight, lbs.	Ent'd Value	Weight, lbs	Ent'd Value.
England......	3,086,365	$607,012	287,950	$65,165
Argent. Rep..	4,412,994	679,152	1,803,388	248,409
France........	1,251,311	164,509	42,457	7,920
Africa........	98,850	17,818	495,661	70,248
Brazil........	738,639	118,683	754,082	90,163
New Grenada.	2,181	279	....	....
Dutch W. I...	2,180	217	8,980	802
Mexico......	1,390,107	229,653	1,050	131
Cisplatine Rep	....	....	63,465	31,739
Russia........	1,515,359	309,137	3,122,013	570,765
British E. I....	33,600	5,475	....	....
Brit. Australia	467,025	101,872	....	....
British W. I..	....	....	475	39
Turkey.......	....	....	210,963	20,964
Total....	12,998,681	$2,238,907	6,790,564	$1,105,945

It may be well to inquire here how far the home growers have been benefited by the large increase in the duties on wool.

Pending the discussion of the bill imposing the higher duties, we ventured the prediction that it would not result in the domestic growers realizing any higher prices for their product. We are willing now to compare results with our prophecy. The following comparison will show the current value of domestic compared with those before the change in the tariff:—

	June 19, 1868.	July 6, 1866.
Am., Sax'y fleece, per lb...	60 to 65c	60 to 65c
Do. full blood Merino.....	52 to 56	50 to 57
Do. ½ and ¾ Merino........	46 to 50	45 to 50
Extra, pulled.............	43 to 49	55 to 60
Superfine, pulled..........	42 to 48	47 to 53
No. 1, pulled	30 to 36	38 to 45
Califor. fine, unwashed....	28 to 33	33 to 38
Do. common do........	22 to 25	20 to 25

It will thus be seen that prices, on the average, rule lower than before the duties were enhanced. The diminution of our imports is likely to put down the price of wool in the foreign markets, and induce an increase of the importations, which will be quite likely to tell against the value of our home-grown wools.

A FREE BANKING LAW.

OUR national banking system, superior as it is to the old State bank system, is nevertheless based on a vicious principle. It does not mend the matter any to say that the Bank of England is based on precisely the same principle; it is indeed based on the same principle, and a very careful limitation of the principle in that case has prevented for the most part disastrous results; but the principle itself, whether exemplified there or here, is unsound, and hence dangerous. This principle is that a paper money may safely rest back upon a national debt. But why upon a national debt any more than upon lands, mercantile bills, or any other form of value? Is it because the evidences of a government debt can usually be sold in the market at some price, and thus furnish redemption for the paper promises? So are lands usually saleable in the market at some price, and all the articles of a price current; but land banks have had their day, and nobody recommends founding a paper money upon articles of even the most steady marketable value. If it be said that a government debt is more uniformly saleable than any of these articles, and thus is more likely to furnish redemption, the further question arises, upon what part of the debt is it sound to base a paper money? If it is proper to base $300,000,000 of paper money on $333,333 333 of government bonds, why is it not proper to base $300,000,000 more of paper money on $333,333,333 more of the government bonds, and so on till the amount of the money shall approximate the amount of the debt? Any limit placed is purely artificial. One Congress may think that $3 0,000,000 of paper money is enough, another that $600,000,000 will not be too much, and a third enact a free banking law by which all the debt may become a basis for paper money to rest on.

The fundamental fallacy that underlies both the Bank of England and our present national banking system is the notion that because an individual or a corporation have a certain determinate value in hand, that, therefore, by issuing their promises against that value, they can create thereby another value nearly equal to the first. Because a man has a farm worth $10,000, and can borrow on its mortgage $8,000, he does not therefore become worth $18 000. No new value is created by this operation. The holder of the mortgage becomes in effect joint owner of the farm to the extent of $8,000, and the nominal owner really possesses but $2,000 in the farm, and the $8,000 he has borrowed. He is worth just $10,000 as before. A debt, whatever be its form, is a claim held by somebody on the property of somebody else. Government bonds, whether held by the Bank of England or by our own national banks, are simply claims held by their respective banks on the governments of their respective countries; and although these claims are saleable in the market, they are no more so, perhaps, than some other forms of value; and there is nothing whatever in them that makes it safe and sound to issue on the strength of them another value in the form of promises to pay, thus making simple debt a foundation on which to erect a new value in the shape of another debt. If these last promises to pay are good, as indeed they may be, it is not mainly because there is government debt behind them, but because there are mercantile bills and cash behind them. If the principle were sound that value possessed in any form may give birth directly to nearly as much value in the form of debt based on the first value, then all our inventories of private and national wealth are nearly one-half too small, and the very agreeable consequence would follow that all men may spend their property and keep it at the same time.

Another fallacy, more obvious but not more real, underlies our banking system The amount of bank bills in circulation is based upon a certain amount of government bonds The absurdity of this principle in itself considered is only disguised by an arbitrary limitation of it. If a government debt be a proper basis for paper money, it would certainly seem to follow that paper money may be based upon any and every part of the debt. A free banking law at any rate, such as has been lately and often proposed, would demand that all the debt should be open to use for banking purposes. But there is no possible connection between the amount of money necessary for any country and the amount of its national debt. The principal function of money, it cannot be too often insisted on, is to serve as the medium of business exchanges in that country; and the quantity of such a medium required to facilitate the exchanges in any country not only stands in no relation whatever to the size of its national debt, but is also impossible to be determined by law. The only possible safety, therefore, under the false principles on which our banking system is reared, is to do just what Congress has done, to fix the amount of paper money that can be based upon the debt decidedly less than what is known to be the necessary amount of the whole circulating medium, and then to hope that coin money will come in to fill up the deficiency, in accordance with its own laws.

This is also precisely what England has done. She allows her bank to issue £15,000 000 ($75,000,000) of paper money on the strength of what the government owes the bank, but no more. The bank cannot buy consols, and then issue money on them. By thus arbitrarily and strictly limiting the false principle that pervades its constitution, the Bank of England gets on, but not without recurring troubles. The limitation itself makes trouble, and has been three times overridden in the last twenty years, but the lack of such a limitation—a privilege granted to all banking corporations to issue a certain proportion of paper money to the amount of all the forms of government debt which they might choose to buy—would soon demonstrate the badness of the principle in universal disaster.

We hold it then for certain that a free banking law, by virtue of which a proportionate part of the whole debt of the United States might become a basis for paper money to rest on at the will of freely formed banking corporations, would be as pernicious in practice as it is undoubted vicious in principle. As long as our banking system remains, its only hope is in its limitations. The amount of paper money authorized to be issued under it should be fairly apportioned among all the States; and let us not cease to insist that the present limit of $300,000,000 shall not be over passed.—*Springfield Republican.*

A NATIONAL CURRENCY.

(*From the N. Y. Journal of Commerce.*)

THE subject of political economy seems to be very little understood either in or out of Congress, and many modern writers make miserable work treating of financial topics. As an exception to this rule we notice a very clear, sound article in the Springfield *Republican* of last Saturday, treating of the proposed free banking system, and showing by the plainest style of argument and illustration, the fallacy of the doctrine that a debt of any sort is a safe basis for the issue of currency. We print the whole of this article in another column.

It has been commonly supposed that the government bonds formed by far the safest security that could be deposited for the redemption of bank notes, and it is undoubtedly true that they are much to be preferred to bonds and mortgages, or other forms of debt based on real estate. The advantage, however, is not that they furnish a safer ultimate security than a well placed mortgage, but that they are less liable to perversion and more easily converted in an emergency. The objection to the reception of mortgages as a security for bank note circulation is two-fold; they are easily used as a cover to fraud, and they are not available as ready cash means under a financial pressure. The first has proved to be the greater difficulty in the history of the free banking system. It was easy by a little manœuvering to obtain a fair looking landed security for a large amount as a basis for bank issues, when the property pledged was not in reality a safe investment for the amount at risk. Of course it was impossible to test the reliability of the security until the bank became involved, when it was found that a bogus mortgage and a rotten association were almost invariably coupled together. But even where the real estate thus mortgaged was actually worth the full amount for which it was pledged, the security could not be relied on by a failing bank. The property was usually located where the financial pressure was more severely felt, and could not be instantly thrown upon the market for the raising of money.

In each of these respects the government bonds are more reliable. They represent exactly what they purport to be, so that their nominal value cannot be exaggerated by fraudulent operators; and to a certain extent they are convertible into ready money where a bank becomes involved. We have purposely qualified the value of this reliance, since that is the weakest point in the present banking system. We have grave doubts of the propriety of making the value of the entire currency of the country dependent upon the market price of the national bonds. No severe test has been applied here, and this simply for the reason that the bills are not now required to be redeemed in money, and thus the currency is virtually irredeemable. But once let specie payments be resumed, and some general plan of redemption must be established Under such a method the first financial pressure would bring the working of the new system to its initial trial. The result of a severe test cannot be doubted. The bonds now pledged for the 300,000,000 of bank currency could not be turned at once into cash to redeem the issues, if there was a general resort to such a course. No well informed man believes that such a conversion is possible; hence the security in an emergency, when it would be most needed, is after all only relative and partial.

It is quite possible, too, that political troubles or foreign complications might introduce the difficulty on the other side, so that the bonds might decline, and the whole fabric be shaken when there would otherwise have been no cause for financial pressure.

In whatever light we look at it, therefore, we regard the national banking system, now on trial, as by no means an established success, even so far as the mere question of securing the immediate convertibility of the notes is concerned. This whole form of banking will ultimately be changed, perhaps after repeated disasters, for the only reliable system, which is a credit and currency based wholly on coin The moment that this topic is introduced it is attacked on all sides by those who totally misunderstand what it is that is proposed. A purely metallic currency is a very cumbrous, costly system of exchange. The loss by exposure to robbery, by the cost of transportation, and the waste from abrasion, are well-grounded objections to the constant use of coin. But the whole commerce of the world might be conducted on a specie basis with no actual movement of the precious metals; or, at least, so slight a movement as to be unworthy of consideration.

The plan which the bullionists propose, and to which the world will come at last, is to have all money of real coin, whose intrinsic value shall be everywhere known and acknowledged. For the uses of trade, and the facilitation of exchanges, let this money be represented by paper certificates to be used as circulation. This paper currency to be, not a substitute for real money, but a simple representative of money Its use being, not to promise a payment out of convertible property or from the market value of somebody's credit, but to transfer the ownership of actual money to the possessor of this paper title. All other capital to be used and transferred by the customary inscriptions of credit, with such forms of checks, drafts, &c, as are now employed for this purpose.

All that is needed of any form of money is for the settlement of balances, and for the petty transactions of daily life. It is a great mistake to suppose that the volume of currency for this purpose needs to be increased in proportion to the amount of business that is done. The balances to be paid at the Clearing House are the same, or nearly so, whether the movement is ten millions or fifty. This is illustrated by comparing such balances to the fractional change used in settling cash bills; no more is required in each case whether the bill is five dollars and a fraction or five thousand and a fraction. Thus, with the progress of trade and commerce, and the labor-saving facilities for settlement, but little money is needed, or will be used, the world over. This should be coined money, represented as to all larger amounts by paper titles, easily handled and transmitted. To this complexion will all currency come at last.

THE BRITISH TARIFF.

(*From the New York Tribune.*)

THE American advocates of free trade constantly assume that since the corn laws were repealed the policy of Great Britain relative to imports has been one of free trade. The statistical abstract of the United Kingdom, just published, shows that the entire revenue of Great Britain during the past year amounted to £69 600,218, of which £22,650.000 were derived from tariff on imports. It thus appears that about one third of the British revenue is derived from tariffs on imports, which is about as large as the proportion of our own revenue derived from the same source. The portion of the revenue required to pay the interest on the British debt was £26,571,750, or £4,000 000 more than the amount of her customs from imports. It will thus be seen that the British Government levies nearly a sufficient tariff on imports to pay the interest on her national debt, and we do no more. Whether the tariff of Great Britain is adjusted with a view to revenue or protection, it is certainly no nearer to free trade than our own.

But though British industry, with its vast accumulation of capital, machinery, and pauper labor, needs as little protection against competition with other nations as the stronger can ever need against the weaker, yet the British tariff is sufficiently protective to British industry in special instances to sanction the principle of protection. For instance, the present Cobden-Chevalier treaty with France originally provided that French brandies and spirits should pay on entering English ports, "a duty exactly equal to the excise duties levied on home made spirits, with the additiod of a sur-tax of two pence a gallon, which will make the duties paid upon French brandies and spirits eight shillings and two pence per gallon." But shortly afterwards, it was gravely set forth that "having ascertained that the sur-tax of two