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CURRENCY OF THE UNITED STATES.

A surprising increase in the volume of the currency of the United States has taken place since the resumption of specie payments. "Within less than four years," the *Financial Chronicle* points out, "the volume of the circulating medium has risen from \$1,055,000,000 to \$1,482,000,000: an increase of \$427,000,000. The paper currency has increased \$38,200,000, the gold coin and bullion \$285,300,000, and the silver coin and bullion \$103,400,000." Previous to this, during the preparation for resumption, an accumulation of specie had to be made: the stock of metallic currency having been increased about \$60,000,000 in 1878. On the 1st October, 1882, gold and silver coin and bullion, greenbacks and national bank notes reached \$1,482,343,237:

	Jan. 1. '79.	Oct. 1. '82.
Legal tender notes...	\$346,681,016	\$346,681,016
Nat. bank notes....	328,791,674	862,077,436
Gold coin and bul'ion	278,310,126	563,631,456
Silver coin and bul'ion	106,573,803	209,953,135

Total..... 1,055,356,619 1,482,343,237

The volume of the currency is to a great extent explained by the stagnation of immense amounts in the Treasury department. The increase of the currency consists to a large extent of redundant currency locked up in the Treasury uselessly, thus intensifying the stagnation. The following figures show how this idle accumulation has been going on:

	Sep. 1. '82.	Sep. 1. '81.	Sep. 1. '80.
	Millions.	Millions.	Millions.
Gold coin.....	\$95.5	\$82.3	\$127.7
Gold bullion.....	53.7	57.1	
Standard silver dollars	91.2	65.9	47.5
Fractional silver.....	28.0	27.0	25.1
Silver bullion.....	2.7		6.4
Silver certificates.....	11.7	11.5	5.5
U. S. notes.....	85.9	29.3	31.6
Bank notes.....	7.3	4.0	4.1
In bank depositories...	12.8	12.2	11.8
Total.....	\$398.8	\$322.0	\$259.7

It is a curious fact, considering the tendency which exists in the United States to attempt to regulate everything by law, that the amount of specie to be held against United States notes is left entirely to the discretion of the Secretary of the Treasury; and as a rule these functionaries seem to have assumed that a forty per cent. reserve of specie was necessary, but they have really made the amount much larger. The *Chronicle* estimates that of the \$346,000,000 of notes said to be outstanding, only about \$310,000,000 is really in existence, the rest having been lost. It is a known fact that of \$50,000,000 of fractional currency, \$15,000,000 was not forthcoming when called in. The fractional currency passing through a

larger number of hands would be more liable to be lost than other notes; but the supposition that \$36,000,000 of greenbacks may have been lost, is perhaps not extravagant. "Beyond this," the *Chronicle* remarks, "some \$30,000,000 of the notes usually remains in the Treasury, and therefore need no reserve," so that "only about \$280,000,000 of the notes can be regarded as being strictly required to be protected by a reserve. A reserve of forty per cent. against that amount would require the Treasury to hold say \$112,000,000 of specie on this account;" while the amount actually held on the 1st September was about \$160,000,000 more. Of this amount, however, \$74,000,000 was held against silver and gold certificates of deposit; leaving the amount of the actual reserve about \$86,000,000 over and above the nominal forty per cent.

There does seem here to be a great waste of resources; and the question is what to do with that part of the reserve which may be in excess of a reasonable and prudent amount. Whether the difference ought to be deposited in the banks, is a question which it is really useless to discuss; since there is no probability of its being used in that way. Since the United States established a Treasury of its own, it has not trusted its money to the banks; and it is not likely to do so now. As a depositor, the nation was a heavy loser prior to 1846; and the risk is not likely to be incurred again. Another question asked is, whether the surplus reserve ought not to be used in the redemption of bonds. It seems to us, however, that this would only be a palliative. The mistake is in allowing the Treasury to absorb so much specie; and the specie once in the Government vaults, the difficulty is to get it out. No artificial contrivance for effecting this can give permanent relief. The same constraint which forced the specie into the Treasury would compel its return thither, in a short time. What is wanted is an automatic law by virtue of which the flux and reflux of specie would be regulated. So long as the Government insists on being the only creditor that must be paid in specie, so long will the abnormal state of things induced by this exceptional rule continue to exist.

The *Chronicle* argues that "fully \$100,000,000 of the money continuously locked up in the Treasury, could be safely transferred to the banks, and made available for the purposes of public accommodation." This, as put, is a question of currency. The question of currency ought to be settled in another way. Whether the public money, considered as the equivalent of capital, ought to be loaned by the Government for the purpose of being re-loaned by the banks, is a more substantial question. Would it not be better for the Government to take less from the public in the form of taxes, and leave the difference with the public? That would seem to be the natural way of settling the difficulty. In any case, the artificial plethora in the Treasury, causing artificial scarcity elsewhere, ought to be relieved. This idle money is a loss to the nation of all that it costs to procure; a loss which has no compensation; the incurring of which is a piece of stupidity, which ought not to be cherished in the absence of even plausible reasons to sustain it.

THE UNITED STATES DEBT AND TAXATION.

Different opinions are held as to the amount of taxes which ought to be levied annually for the purpose of paying off the war debt of the United States. The high tariff men are professedly speedy reductionists. But as they have no objection to increase the debt faster than it is reduced, their real object, it is evident, is to keep up an extravagantly high tariff, in the supposed interests of manufacturers. This policy meets objection chiefly from two sources: economic writers like Mr. David A. Wells, and the importers who have to advance the high duties. But their protests have so far not produced any marked practical results. Mr. David A. Wells, in an article in the last number of the *Princeton Review*, on "Tariff Revision, its necessity and possible methods," takes the ground that the unnecessary taxation now levied is one hundred and fifty millions of dollars a year; and that "the war debt has in reality been diminished by a sum which in comparison with the national receipts of revenue is very inconsiderable." The direct "aggregate burdens of the war debt," says Mr. Wells, as measured by taxation and expenditure, were \$164,717,000 in 1867, \$152,713,000 in 1871; "the obligations on the part of the government for interest on the public debt was \$57,360,000 on the 1st July, 1882," while with pensions for the present year they will probably amount to \$150,000,000. The conclusion drawn is that the aggregate burden of the war debt is but little less than it was soon after the close of the war. What is called the "arrears of pensions" act recently passed, will, in the estimation of Mr. Wells, "entail from first to last, a further aggregate expenditure on the country of not less than two thousand millions."

Does the high tariff avail to keep out foreign manufactures? For that is one of its avowed objects, and if it fails in this particular, this object is not realized. As a matter of fact, this object was never so far from attainment as now. The imports of merchandise were larger for the year ending June 30, 1882, than ever before, \$724,623,000. Previous to 1880, the largest amount ever before imported in one year, and that was in 1873, was \$642,136,000. In 1880 a higher figure was reached, \$667,954,000; but in the last fiscal year, the highest tide-mark of imports was reached. As a means of enabling American manufacturers to monopolize the home market the tariff is a failure. Mr. Wells contends that the government collects one hundred and fifty millions of dollars a year beyond the legitimate requirements of the government. And yet all this excessive taxation fails to give home manufacturers a monopoly.

A high protectionist country, even if it could exclude foreign manufactures, could not hope successfully to meet the fire competition of other countries in the markets of the world. The United States, in its exports, is well illustrating this law. The proportion of raw produce to manufactures exported is becoming greater instead of less. unmanufactured products, Mr. Wells shows, have risen from 82.3 per cent. of the total exports, in the decade from 1859-60, to 87.5