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**NATIONAL INDEBTEDNESS.**

We drew attention in our last issue to the principal countries that have been compelled to use *fiat* money, and to the frightful depreciation which invariably has been the result. It will be found on examination that in no instance was this suicidal policy adopted, except under the pressure of stern necessity, and when the credit of the Government had become so impaired that foreign loans could not be negotiated. We do not for a moment imagine that there is the least intention on the part of the Dominion Government either to resort to an issue of inconvertible paper or to mismanage the finances so as to render the negotiation of loans impossible, but we think that the public engagements are formidable enough to cause considerable anxiety as to the future, and that we may well take warning by the example of other countries. Our information as to the financial state of other nations has been derived from Martin's "Statesman's Year Book for 1880," and from "The American Almanac and Treasury of Facts" by Mr. Spofford, Librarian to Congress.

Before noticing other countries it may be well to bear in mind that the public debt of the Dominion amounts approxi-

mately to \$37 per head of the population, and the expenditure to about \$6, of which \$1.50 may be estimated as the charge for interest. The debt of the United States is at present about \$52 per head, and the expenditure \$6.13, of which \$2.60 is about the charge for interest. To arrive, however, at what may be considered the normal financial condition of the United States, it is fairer to take the year 1860, before the civil war, and, if we do so, we shall find that the aggregate debt was under \$2, the interest 11 cents, and the other expenditure \$2 per head. Our estimate of populations is taken at four and forty millions respectively, which is unfavorable to the United States as there can be no doubt that in 1880 the population of the United States will be found to be more than ten times that of Canada. The debt of Great Britain is \$114.62 per head and the expenditure \$12.35, of which \$4.50 is for interest.

**TURKEY.**

It is very difficult to ascertain the precise condition of the States that issue unconvertible paper. The foreign debt of Turkey is about \$1,000,000,000, but some of it was issued as low as 43½ per cent. bearing 5 per cent. interest, while 9 per cents were issued at 98½. We shall quote from the Year Book the reference to the fiat money. "To raise new funds in the existing bankruptcy of the State, a decree for the issue of paper money called 'caïmes,' or assignats, was issued by the Government, July 27, 1876. The first issue in notes of 5, 10, 20, 50 and 100 piastres (about 4½ cents) was fixed at 3,000,000 Turkish liras (about 13 million dollars), but it was reported at the commencement of the Russian war that the printing of 'caïmes' is going on uninterruptedly, and new presses are put to work to issue them in larger numbers than before. According to the best estimates, more than 90 millions sterling of paper money had been issued by the end of October, 1878." To do Turkey justice her Government has not been guilty of the iniquity of Mr. Wallace and his allies. It is clear that the frightful issue of over \$400,000,000 of fiat money was caused by the Russian war, and the utter inability to borrow on any terms, as evidenced by the price of the 5 per cent. loan of 1874, issued at 43½. Our National currency advocates propose deliberately to raise a forced loan from the people without the slightest necessity, for it is not too late to stop our expenditure on capital account if, as Sir Alexander Galt has publicly announced, "it is impossible for Canada with her limited means and limited population to under-

"take alone the settlement of the North-West, an opinion in which we ought to remark, it is evident that Government does not concur.

**THE ARGENTINE REPUBLIC.**

The Argentine Republic, with a population of about 2,000,000, had, in addition to a foreign debt of over \$40,000,000, internal liabilities of nearly 65 millions, and an additional floating debt in fiat money of about 13 millions, the latter being almost worthless. The financial difficulties of the Argentine Republic have been chiefly caused by expenditure on railways.

**BRAZIL AND OTHER SOUTH AMERICAN STATES.**

In Brazil the only circulating medium is an inconvertible paper currency depreciated 60 to 75 per cent. The chief cause of embarrassment in Brazil was the war with Paraguay which cost about \$250,000,000, and rendered it necessary to resort to fiat money. In Paraguay and Peru large issues of paper money have been made, in both cases to carry on war, the former with Brazil, the latter with Chili.

**EUROPEAN FIAT MONEY STATES.**

We must notice very briefly the principal States in Europe which issue inconvertible paper money, viz., Austria, Russia and Italy. The Austrian debt has been gradually increasing during upwards of a century. In 1789 it amounted to about 35 million sterling, in 1815 to £82,500,000, in 1830 to £108,000,000, and in 1868 to more than £300,000,000. There is a paper currency convertible only at a large discount. The floating debt had increased in about two years from \$220,000,000 to \$325,000,000, and it consists chiefly of fiat money. War and constant deficits have been the cause of Austria's difficulties.

Russia has borrowed in foreign money markets, chiefly in London, about \$700,000,000. There is a paper currency on the Wallace model which in 1876 was \$560,000,000 and in 1879 \$810,000,000. We are told in the Year Book that "the destruction of public credit through an illimited issue of paper money is of old standing. At one time a silver rouble was worth \$4.18 in paper, but after ten years of improved financial management it came to be worth three paper roubles. Fortunate were those who had lent money when it was \$4.18 and got paid at \$3. The currency is almost exclusively paper, and is now at a discount of from 10 to 20 per cent. The foreign loans have been raised on disadvantageous terms, 5½ per cents having been issued at 85, but even this has been better than the forced loans by the issue of fiat money on the terms that have been stated,