flourish without fair giving and taking on both sides any more than trade between individuals. Indeed national trade is nothing but the aggregate of many trades. With what face can we proclaim the "open door" abroad, while holding hard the shut door at home? Will it not be justly regarded by other nations as cool effrontery and porcine behavior? Will not such a policy of short sighted selfishness lead inevitably to tariff retaliation and trade wars? Canada already answers. She elected a liberal ministry, pledged to lower duties and reciprocity with this country. Her friendly overtures in this direction were repelled by the McKinley administration in such manner that her ministers abruptly left Washington. During the last three years in self defense she has enacted discriminating rates in favor of British trade and against American aggregating over thirty per cent of her duties. Another increase will deprive our manufacturers of their best customer on this continent. France discriminates against us in her tariff. And ominous complaints are coming from Germany and Russia at recent protection rulings by our customs which give warnings it were well to heed. We may find when too late that preaching "reciprocity" on the stump and killing it in the senate is fraught with danger as well as deceit. But this matter of retaliatory tariffs is too large a subject and too important, the danger is too real and imminent, to be treated in a paragraph.

The time has come when America must reverse her tariff policy. "Protection" has sat on the safety valve long enough. HAZARD STEVENS.

Boston, Mass.

SILVER PARITY BILLS.

The hearing before the committee on Coinage, Weights and Measures of the House of Representatives which has charge of bills relating to maintaining the parity of the silver dollar, supplied another opportunity for the airing of fiat silver theories.

They were along the usual lines and carried the familiar tones with which the country was surfeited in 1896. This was to have been expected and nothing that was said on that side of the question is worth answering or criticising at this late date.

But a portion of the testimony supplied for the sound money side of the question was also misleading.

Incorrect statements by men put forward as experts, even upon inconsequential side issues, are liable to be made of service to the opposing side and are sure to be used for all they are worth.

It is to be feared that in their zeal for the interests of the pending bills, some answers to questions were given hastily and were not weighed with the consideration the importance of the subject demanded. In no other manner can these answers be explained.

The hearings are published in a pamphlet issued from the Government Printing Office and particular reference is had to the testimony of Mr. Horace White, from which the following quotations are taken in the order it was given:

Discredited Money.

"Mr. Gaines (page 22): Why is it that all over the country the banks pay you silver dollars and silver certificates instead of gold in cashing checks?

"Mr. White: I suppose gold is considered a little safer, especially in the existing state of the law when the Secretary of the Treasury has no means of redeeming the silver dollars in gold.

"Mr. Gaines: In other words they give the discredited money to the people and keep the good money themselves?

"Mr. White: Yes, sir."

Mr. White's statement is far from being correct and the answer only supplies an occasion for adding to the prejudice which in some quarters exists against banks — a prejudice which is always fostered by the fiat money people. If the condition of the money was as indicated by Mr. White, the banks would be justified in doing what he says, because self-interest as a rule governs all business transactions.

But the silver dollars and silver certificates are not discredited money. I do not think it possible for Mr. White or anyone else to show where they are paid out anywhere in preference to other currency.

On the contrary, in some sections of the country, the banks prefer to hold the paper certificates to the gold coin and encounter much difficulty when they undertake to pay out gold coin.

Gold and Silver Disparity.

"Mr. Gaines (page 24): But what will produce disparity between our gold dollar and silver dollar?

"Mr. White: A failure of crops or serious business depression would do it in my judgment."

Failure of crops and business depression have frequently occurred without affecting in the slightest manner the relation existing between our gold and silver money, and no good reason exists for their so affecting it of themselves, for in times of distress any kind of money will go.

An adverse foreign trade balance which would cause a special demand for gold might produce this disparity, but this would be the case whether it was coincident or not with crop failures and business depression.

There is at present no difference in the quality of our money. Silver money is accepted everywhere the same as gold and the probability of a large trade balance against us is very remote.

The only thing which could change the existing condition of our money circulation and disturb the parity of the different kinds would be the success of the fiat silver party, and it is to guard against this possible contingency that the legislation now pending is urged by the business men of the country.

Bank of England Practice.

"Mr. Cochran (page 30): I say it is the policy of the British government, when gold exports are threatened, to so manipulate the money and exchange market, through the operations of the bank of England, as to in effect put a premium on gold.

"Mr. White: That is one way to put it. I think the case is just this: The Bank of England feels the necessity of having more gold and finds that the public will absorb some more notes and for the purpose of getting that gold it will pay in its own notes a little more than the law requires it to pay, because the notes will stay out. This is the premium."

Mr. White had already stated that the British government had nothing to do with the business transactions of the Bank of England.

The action taken by the bank to check gold exports, as I undestand it, has nothing whatever to do with its note issues. The bank cannot increase its note issues except against deposits of gold coin and bullion of a like amount in the issue department which is a separate and distinct arrangement from the bank proper. Manifestly the bank could not obtain relief by issuing its notes at a discount.

In this country when the bank reserves run down, the only thing the banks can do to restore them is to call in loans. A great institution like the Bank of England is not required to adopt this course. It accomplishes the purpose desired by simply raising its discount rate. When this occurs, the merchants who need loans instead of getting them from the bank will go elsewhere—to Paris, Berlin, New York, or some other money market where the interest rate is lower, and will sell the exchange to obtain the money required. The export movement will be checked to the extent of these transactions. The discount upon the exchange may be called a premium for gold with the same propriety that a discount upon New York exchange in the Chicago market may be called a premium for United States currency.

The practice of the Bank of France under similar circumstances seems to be greatly admired by the silverites and doubtless a similar rule would prevail in the United States if the silver men could have their way.

In its case when gold is required for export, the "hold up" privilege of paying demands in silver is exercised, or