SPIRIT OF THE PRESS.

EDITORIAL OPINIONS OF THE LEADING JOURNALS UPON CURRENT TOPICS—COMPILED EVERY DAY FOR THE EVENING TELEGRAPH.

The Diplomatic and Consular Service.

From the N. Y. Times.

American diplomacy in the East, and particularly with China and Japan, has been, on the whole, hitherto a success. Yet we fear that even this has suffered somewhat from the universal defects of our civil service, and that more than once a broad and admirable general policy has been defeated or neutralized by unworthy representation in details. Overmuch faith is not, of course, to be put in the visits, the presents, the dashing body-guard, and the "burning of powder and pouring of champagne," whereby, to use the words of our Yokohama correspondent, the English Minister, Sir Harry Parkes, keeps himself and his Government continually before the Japanese, until they *forget* that there is any other people. But there is much that is worth thinking about in the unflattering comparison which this same correspondent makes between the whole English diplomatic system in the East and our own:—

"Their whole diplomatic system is excellent. Their consuls are educated men, have been student interpreters, and will be, eventually, ministers and ambassadors. They are well paid and sure of their position for life. Of our own system I am ashamed to speak. Those who have visited foreign ports know very well what it amounts to. Of three important points in the East, the United States is represented in one by a Frenchman, with most intolerable brogue and a most despicable salary, and in the other two by Germans—all excellent men, but not the ones to represent Americans abroad."

It is only just to acknowledge that our diplomatic and consular service during the last eight years has been in general a great improvement on that of the eight years preceding. At one time it was found, according to a statement made in Congress, that not one of our foreign ministers, and hardly one even of our foreign consuls, could speak any language but his own; that the backwoods had furnished forth a good share of our representatives in maritime ports; and that the whole foreign service had been turned into a means of rewarding party devotion—and was only that, and nothing more.

If we have advanced from that low standard, particularly in the case of ministers to leading powers, yet there is still chance for improvement. Of course, in a well-trained competitive civil service lies the hope of permanent excellence; but, as that is a growth of years, the immediate remedy must consist in a wise selection of the most competent men, making supposed *party* claims a secondary consideration. Assiduous shouldering of a torch through a political canvass has its good points, so has assiduous rallying of voters on election day; but these exercises do not of themselves fit men for diplomatic or consular posts. Nor is it, we submit, an all-sufficient ground for a foreign appointment that a youth wants to sow his wild oats; or is troublesome to his friends; or wishes to study his profession in Europe; or wants to take a peep at foreign picture-galleries; or is tired of America; or that, being incompetent himself, he is recommended by somebody else who *is* competent, and deserves political reward; or that he withdrew from the contest over a political nomination at home in favor of somebody else. In short, one of the easiest ways of enumerating what are *not* qualifications to foreign service is to make a list of those which have been most efficient in times gone by. We must change all that, if we would be well served in foreign capitals and ports.

General Butler's Financial Scheme and Speech.

From the N. Y. World.

General Butler is at last delivered of the new financial scheme which he has been so long gestating. His plan is not without ingenuity and a certain sort of architectural symmetry, but it is built upon a ridiculously unstable foundation, and supported by sophistries (we cannot call them arguments) which could be generated only in the brain of a demagogue. He advocates a currency permanently irredeemable; a currency which boldly cuts loose from the precious metals, and is anchored in nothing possessing any intrinsic value. General Butler does not trouble himself about the resumption of specie payments; he scouts metallic money as a relic of barbarous ages and the prop of despotic power. "What I do desire," he says, "is that the currency shall *not* be redeemable in gold and silver." He calls "gold and silver the ever-ready adjuncts of despotic power in all its forms and degrees." He says that "coined gold and silver has ever been the handmaid of despotism; the prop of monarchical power; the supporter of thrones; the upholder of nobilities and priesthoods; the engine by which the privileges and pretensions of aristocrats have always been sustained in trampling down the rights, devouring the substance, and absorbing the unrequited labors of the masses." He stigmatizes it as one of the devices of kingcraft and oppression with which the people are governed by a class;" as "the instrument of tyrants;" as "the money alike of the barbarian and the despot." His speech consists mainly of empty sophistries in support of this strange thesis.

We suppose it is not necessary to waste space in refuting such extravagant, erratic stuff as this, which contradicts alike the doctrines of scientific economists and the common sense of mankind. Money has a double office; one as a measure of value, and the other as the instrument of exchange. Its capacity to measure values is what fits it for an instrument of exchange; the first of these, therefore, is its fundamental characteristic. Even in barter, where commodity is exchanged against commodity without any intervening medium, we determine the quantity of this which shall be exchanged for a quantity of that by estimating the value of each in money, which thus enables us to equate values though no actual money is used in the particular transaction. Now, a measure must necessarily possess the attribute of the thing measured. Length can be measured only by something which has length; a standard of weight must possess weight; a standard of value, value. But General Butler proposes a standard of value which has no intrinsic value in itself. As soon as you undertake to determine how much paper is proper as a currency, you feel the necessity of some principle, or some rule, to guide you. But, in the very nature of the subject, no rule is possible unless it be founded on a comparison with some exchangeable commodity which has intrinsic value. The paper itself can measure values only as it is proportioned to something else with which other values can be compared. The value of paper is merely *representative*; and, unless it represents *something*, it is a solecism. By the value of what commodity, then, shall paper money be regulated? As General Butler proposes no substitute for the precious metals, it is not necessary to say anything in their defense. It suffices to show that there must be *some* standard as a rule for regulating a paper

nations should do what General Butler proposes for us—cut entirely loose from any natural standard of value in the regulation of their paper money; how could the exchanges of the world be carried on? How could merchants know when to import and when to export? What would become of international commerce? So wild a theory does not deserve the dignity of a refutation.

Let us assume, however, that the quantity of General Butler's proposed currency were to be regulated by the value of gold, so as to keep it at about par; that is, that we should have a standard gold dollar, and that the paper dollar aimed to represent its value. Making this gratuitous concession to General Butler against his own theory, we proceed to examine his project as a mechanism for supplying money. We will describe its features in their order:—

First, General Butler proposes to withdraw the present greenbacks, which are in the form of promissory notes, and substitute the same amount of other greenbacks which are not promises to pay, but "certificates of value," to be, like the present greenbacks, a legal-tender. So far, the change would be trivial, merely making the language of the note correspond to its real character. In the next place, General Butler would have the new greenbacks receivable for customs as well as for internal taxes, making but one currency for all purposes. This would be a great change, and there can be no doubt that it would add to the credit and enhance the value of the new paper money. General Butler proposes $350,000,000 as the amount of the new currency; and as he supposes that the annual taxes, internal and external, would amount to the same sum, there would be a virtual annual redemption and reissue of the whole currency. If its quantity were not excessive, this universal receivability for public dues would undoubtedly maintain its value. But if its quantity were excessive, its depreciation would lower the tariff, decrease the revenue, and compel the Government to buy at a premium the gold it has pledged for interest on the public debt. This feature alone (and it is essential to the system) would prevent its enactment into a law, and would seem to show that General Butler aims rather at a sensation, to make himself talked about than at any real change in our fiscal system. The Government has made a solemn legislative pledge to the public creditors to collect the customs revenue in gold and to set apart the proceeds (so far as may be necessary) to pay the interest on the public debt. Besides, there is no other so ready, obvious, cheap, and certain method of procuring the gold for that purpose.

The second great feature of General Butler's proposed scheme is the suppression of the whole circulation of the national banks, and the substitution of a singular plan, of his own invention, for supplying the chasm thus created in the currency. Everybody who wants money is to be enabled to borrow it of the Government, at all times and in any quantity, by depositing bonds as security. Every bank, and every individual, who owns Government bonds, can deposit them and receive ninety per cent. of their amount in the new "certificates of value," for which he is charged 3 and 65-100ths per cent. interest; paying the debt whenever he pleases after thirty days, and receiving back his bonds which were pledged as security. It is probably idle to inquire what would be the effect of such a law, since there is no likelihood of its passage. Its tendency, supposing it possible for it to pass, would be towards a prodigious inflation of the currency. Supposing the natural rate of interest, in our circumstances, to be seven per cent., if men can borrow at half that rate they will be likely to use double the quantity of money.

When money is borrowed for production purposes, what is really borrowed is the capital used in production, that is, the maintenance of the laborers, the raw materials fabricated, the machinery, tools, etc., used in the operation. The money is merely a claim on a certain amount of real capital. The price paid for the use of that capital depends upon its abundance and the competition of those wishing to employ it. If the proportion of the supply to the demand be such as to make it worth seven per cent., the Government cannot reduce it to three and a half by lending money at that rate. The competitors for loanable capital would borrow twice as much money. Instead of paying seven per cent. on one hundred dollars, they would pay twice three and a half per cent. on two hundred. In its practical operation (if it could be put in practice) General Butler's scheme would be merely an instrument for inflating the currency.

The only remaining feature of General Butler's scheme is his proposed substitute for the fractional currency. Here he relapses into "the barbarism of hard money," only he would have it made of debased silver. The only thing that needs to be remarked upon this is its inconsistency with the other parts of his plan.

Take it in all, this scheme is too visionary for sober discussion. It will be a pity if any time is wasted in the House in replying to General Butler's arguments. It is not worth while to make a pompous funeral to bury an abortion.

General Butler on Finance.

From the N. Y. Tribune.

Whether an inconvertible paper currency may or may not be devised and perfected which shall be more beneficent than one partly composed of and the residue convertible at pleasure into coin is a very grave question, on which we are not inclined to dogmatize. Very much may be said on both sides, as much has already been said on either. General Butler's argument against a redeemable currency is very much more plausible than his substitute therefor. In our judgment, a simple government note, promising to pay $1, $5, $10, $20, $50, $100, or $1000 in coin, at a specified future day, with interest meantime at the rate of .0365 per annum—that is to say, one cent per day interest on each and every hundred dollars—would be much preferable to General Butler's cumbrous and complicated contrivance of depositing bonds with the Government and taking a new set of greenbacks in exchange for them. For the bonds so deposited must be left in the hands of some Government agent, who may embezzle them; or they may be stolen, or burned, or subjected to a hundred mischances. A government note drawing one cent per day on each $100 (less than 4 per cent. per annum) might be kept very nearly or quite at par, and would serve many good purposes. People would be in less haste to spend their money when each $10,000 in safe, chest, or pocket was earning its owner $1 per day; a frugal man who had $100,000 about him might spend his summer vacation in some rural retreat, and find his money nowise diminished on returning to business in the autumn. We have no superstitious devotion to gold and silver, even as a basis of currency. What we insist on is good faith. Don't promise to pay dollars and then refuse to pay them: never say one thing and do the exact opposite. General Butler practically concurs in this view, in proposing to replace our present greenbacks and national bank notes by a currency avowedly irredeemable in coin. He practically admits that we cannot stand where we are, but must stop living on lies. We thank him for so much, as well as for his showing that the Morton plan of redeeming in the future, by hoarding meantime several hundred millions of coin, is utterly impracticable. If he has done little towards building the required edifice, he has carted off a good many loads of rubbish from the spot on which its foundations must rest.

But while we have no fanatical devotion to specie, we cherish fond recollections of the days lang syne when a silver half-dollar was not quite so rarely seen as a roc's egg or a live unicorn, and we should really like to see one again before we die. It rather more amazes than delights us, therefore, to hear a veteran Jackson Democrat talk of old-fashioned cash after this sweeping fashion:—

"We have divested our Government of every trait of the despotisms, every attribute of the monarchies, and every vestige of the slaveries of the Old World save one, and that is, the all-controlling and all-absorbing power by which masses of the people of all nations of the earth have been enslaved—*coined money*. More than 3000 years ago, the despots of the world, as the most potent method to enrich themselves and their favorites, and perpetuate their tyranny, hit upon the device of impressing their 'image and superscription' or other peculiar stamp upon pieces of two of the metals, not the most intrinsically useful or the most beautiful, but the most scarce and difficult of attainment by the masses of the people, thus arbitrarily making a measure of value and equivalent for which the property of their subjects must be exchanged. Because of their capabilities of being so converted into equivalents of power, the so-called precious metals were eagerly sought after by all men, in such degree that they came falsely to be deemed to have a special intrinsic value themselves, equal to the effigy of value stamped upon them." * * * "Not until the people of these free commonwealths (Greek and Roman) became deteriorated by vices and luxury, yielding their liberties to tyrants either by choice or usurpation, did gold and silver, the ever-ready adjuncts of despotic power in all its forms and degrees, obtain place and scope to do their appropriate and never failing work, the enslavement of the labor of the masses."

—We are sure General Butler has here put the cart before the horse. Kings may have "hit upon the device" of *coining* money, but gold and silver were the money of the world before coinage was thought of, probably before kings existed. They were spontaneously and generally adopted as the measure of values in trade, because, though not absolutely unchangeable in value, they came nearer to being so than any other substances that exist in the requisite abundance. Now, we never desired an *exclusively* metallic currency, but when we see gold and silver berated and defamed as they are by General Butler, we are impelled to imitate the Californian who, hearing a youngster stigmatizing the whisky before him as atrociously bad, gravely reproved him in these terms:—"Young man! you mustn't call whisky bad. *All* whisky is good, but some whisky is better than the rest." We think much the same of money.

General Butler considers two qualities eminently desirable in a currency—stability and elasticity. It seems to us that, if the Government will take care of the stability, the people may be trusted to take care of the elasticity. While we are mining gold and silver so abundantly, and understand so thoroughly the uses of engraving and the printing press, there ought to be no concern on this head.

General Butler thinks it "a great error" that greenbacks were not made a legal tender for all purposes, so that the revenue from imports might be collected and the interest on the public debt paid therein. We believe the exceptions he deprecates saved the whole concern from the fate of our fathers' Continental money and the French assignats. We thank the General none the less for his frank admission that these things are not as he would have them.

General Butler thinks we have been wonderfully prosperous ever since we made greenbacks a legal-tender, except when, for a short period, we were contracting with intent to resume. But are not people always jolly and flush when they are running deeply into debt, and only sad and short when they are trying to pay up? Would not General Butler's logic prove that a man should always keep about so drunk—all the pain and misery in the premises resulting from his mistaken approaches to sobriety?

We close with thanks to General Butler for the frankness with which his views are presented, and the light they cast upon the entire situation. We note but a single flagrant misstatement in his entire speech—viz.: that the banks obtained their bonds by selling gold wherewith to buy them at a discount of sixty per cent. The banks received their greenbacks in payment of loans of coin or its equivalent—were compelled by the Legal-tender act so to receive them. They then funded them in Government Five-twenties, as that act expressly authorized and invited them to do. Whether we are or General Butler is right as to the mode and medium of payment for those bonds, we will not here argue; but we cannot both be honest in the premises.

Again we thank General Butler for the frankness with which he identifies the call for resumption with hostility to repudiation. "Payment of the bonds in gold, or, what is equivalent, a return to specie payments," is his language. Every hour makes clearer the issue between solvency and honesty on the one hand, and what seem to us rascality and repudiation on the other. May the American people prove wise enough, great enough, to prefer the way of right, though rugged and thorny, to the more seductive path that leads through flowers and gauds softly down to dishonor and ruin!

General Butler's Bill and Speech on the Finances and Currency.

From the N. Y. Herald.

General Butler introduced an important bill in Congress on Monday to authorize the issue of a national currency, to provide for its stability and elasticity, and to reduce the rate of interest on the public debt. Upon this he made an able and a comprehensive speech. This movement is intended, no doubt, as the platform of its author for a new departure in political affairs and in the reorganization of parties. It has been apparent for some time past that General Butler meant to make himself the leader in Congress on this subject of the currency and our national finances, which, with his usual sagacity, he saw must become the most important one before the country. In his speech he has fairly taken that position. He goes to the root of the matter, and is more radical in this than in politics. He cuts up the old system of currency and finance by a powerful argument and a thorough historical review of their inconsistencies and failure, and shows that this new and rich country should have a system of its own, adapted to its institutions and peculiar circumstances. He shows that our financial system has been an exaggerated offshoot of those of Europe, subject to the changes, the needs, the wars, famines, and distresses of other countries, and that it was in no sense an American system nor adapted to the institutions of a free, an enterprising and independent people.

General Butler starts with the proposition that the currency of a highly commercial, expanding, industrious, productive, and free people should be uniform, sound, cheap, stable, and elastic. He considers that our present legal-tender currency, or that which he proposes shall take its place in the form of Government "certificates of value," based on national securities, which shall be lawful money for all purposes, would be both uniform and sound.

As to a cheap currency, he argues that all financial writers agree that paper money is the cheapest medium of circulation. But while our present currency is cheap enough as regards the cost of its supply, and because it suffers no loss of interest as capital while in circulation, he maintains that it fails to be so in another sense—in the sense of the enormous price at which it, as money or capital, is furnished to those who use it. "When called into use as a representative of capital our money is enormously dear." We all know how high the rate of interest ordinarily is in New York and other commercial centres; but, as General Butler says, away from the seaboard cities the average interest is twelve per cent., while in the Southern States and some other sections it rises to over twenty per cent. In order, then, to have a cheap currency, it is proposed, first, that the Government shall withdraw the present legal tenders, and, as they are withdrawn, to substitute for them the "certificates of value" as a circulating medium and lawful money. These are to be based on taxes, which are estimated at about three hundred and fifty millions, the amount nearly of the outstanding legal tender notes. The "certificates of value" are to be received for all taxes, whether collected from internal revenue or external commerce, and, therefore, will be redeemed in that way every year. In fact, there will be but one kind of lawful money. General Butler thinks it strange that the Government ever should have established two kinds, legal tenders and specie, in which to do its own business, and stranger still to enact at the same time one only for the people. He regards this anomaly as the principal cause of keeping the currency depreciated.

He proposes next to take from the national banks all power to issue notes to circulate as money, leaving them banks of deposit, loans, and discounts. Of course, in using the Government certificates as circulation, they would be subject to no tax on it. Then, as it is evident that three hundred and fifty millions of "certificates of value" would not be a sufficient amount of currency for the business purposes of the country, he proposes to throw open the privilege which the banks have of obtaining money from the Government to every man or association of men who can furnish the same security the banks do now for the money so received—that is, any one owning Government six per cent. bonds may go to any public depository in the United States, and, lodging them there as security, shall receive "certificates of value" to the amount of ninety per cent. of the par thereof, to be at his pleasure reconverted into his bonds at any time after thirty days, he paying to the Treasurer interest for the money received at the rate of three dollars and sixty-five cents per annum. This is his proposition in brief for a cheap and uniform currency.

General Butler argues that this would not make the currency too redundant, though that might appear to many to be the result; "for no one will pledge this species of capital in Government bonds for three sixty-five per cent. on ninety per cent. of its value, unless that money could be safely and profitably invested as productive capital, or, in other words, unless the business needs of the country actually required it." The rate of interest, he holds, would act as a certain regulator of or a governing power over the amount of the circulating medium. It will be seen, of course, that this involves General Butler's other proposition of an elastic currency; that is to say, the amount in circulation would be more or less, according to the demands of business and the rate of interest. He maintains that this would be a stable currency nevertheless—stable in its value and relative to other values, though it may change in certain localities, just as the currents of trade change the volume now in certain parts of the country at different seasons of the year to accommodate the demands of business.

Referring to the resumption theorists and their impracticable projects, he shows some of his characteristic satire. He remarks:—"One says the way to resume specie payments is to resume. Suppose the physician should say to the sick man, The way not to be sick is to be well; might not the patient ask his doctor, How am I to get well? So, a few years ago, one may remember that the way proposed for the Union armies to get to Richmond was 'On to Richmond;' and I trust I may not be considered malicious in calling to mind that our armies found some difficulties in carrying out that suggestion, which resulted in such disaster that it was to be hoped those who blindly advocated it would never again dogmatize upon any subject the difficulties of which they neither appreciated nor understood." He is opposed also to what he terms the other "impossible" schemes for forcing specie payments by a slower process, and genteelly cuts up Mr. Morton's plan. He concludes that if a return to specie values be the only remedy for our financial evils, then there is but one plan by which it can be accomplished—"We must wait and grow to it."

After taking a very interesting historical review of the commercial and financial history of this and other countries, showing the frequent fluctuations in value, suspensions of specie payments, financial crises every few years, general bankruptcies and ruin and wide-spread distress caused by these, he asks, is it desirable for this country voluntarily to return to the old system after we are partially emancipated from it? Altogether, General Butler has taken a bold step in advance of the views of financiers and many of his colleagues in Congress. His speech will create a flutter among the bondholders, national banks, and capitalists, and will open the door for great discussion. However much his views may be questioned or opposed by the old school financiers and political economists, there is no doubt he has struck a chord of popular sentiment, and that he will be recognized as the leader in this new movement for an American system of currency and finance.