

by you—i.e., you would keep the bad money in circulation. "Bad money drives out good."

A fuller statement of the law is given in Palgrave's Dictionary of Political Economy: "Where by legal enactment a government assigns the same nominal value to two or more forms of circulating media whose intrinsic values differ, payments will always, as far as possible, be made in that medium of which the cost of production is least, and the more valuable medium will tend to disappear from circulation."

Thus, then, we seem to have come to the conclusion that because of the truth expressed in Gresham's law, it is impossible for one nation to maintain a bimetallic system, because it would be inevitable that one or other metal would be undervalued, and the undervalued metal would leave that country with disastrous results to its whole financial system, while the overvalued metal would become the daily medium of exchange, so that the bimetallic country would be monometallic after all. Had the Democratic programme of 1896 been carried into effect, the United States would now be in difficulties for the lack of gold to repay the money which it owes Europe and which it cannot pay in silver. With its money system in disorder, it would be practically impossible for that country to secure loans from other nations.

Paper Money.

Paper money is extensively used by civilized nations instead of metallic money, over which it has certain advantages, provided that it has good security for its redemption. It is more convenient, as it is so easily carried about and transferred from place to place. It also saves to the country the loss due to abrasion of the coinage. There are three kinds of paper money: representative, fiduciary and inconvertible.

Representative money is that in which every note, like the United States gold and silver certificates, represents an equal sum of money deposited somewhere (as in the U. S. Treasury) for the redemption of that paper with