

already possessed. The objection as to the danger of forgery is untenable. By strict attention to the engraving, and the paper, the risk would be trifling. It is of course impossible to guard completely against fraud, but on the American Continent the objection has never had any influence in preventing issues of much smaller notes than would be used in England. It is a matter of serious complaint that the gold coin is so much depreciated by attrition. One pound notes are circulated in Scotland and Ireland by local banks, and yet the Bank of England is not permitted to issue them. It is stated in the essay that "the gold coin in circulation in the United Kingdom is probably more than one hundred and thirty millions sterling." If so it would be a very moderate estimate to calculate on a circulation of £1 notes to the extent of twenty-five millions. This would be an immense addition to the gold reserve of the Bank of Issue, and it would be quite legitimate to authorize that bank to exchange gold or notes for government securities when the Bank rate of interest was not less than 8 per cent, paying the Government a rate of interest rather less than the bank rate. This would be a much more satisfactory arrangement than the periodical suspension of an Act of Parliament. The issue of one pound notes though unobjectionable in principle, and the most economical mode of accomplishing the object in view, is not the only mode. If public opinion in England should be adverse to such an issue, another remedy not so economical may be found. At present the issue department of the Bank of England holds gold for all its notes in excess of fifteen millions. Let Parliament fix the amount to be issued on securities at ten instead of fifteen millions, thus adding five millions to the bullion reserves, and in amending the Act of 1844 provide that whenever the bank rate of interest is 8 per cent, the issue department may advance to the extent of five millions on government securities. If the Bank of Discount were entitled to this assistance it is hardly probable that there would be so much hoarding of money in times of stringency as there has been during the periods of collapse, when it was found expedient to sanction a violation of the law. This arrangement would involve a charge on the nation of under £200,000 a year, a very inconsiderable amount in comparison with the importance of the object to be gained. The suggestion in N's essay of adopting rules for regulating the bank rate of interest is no