

CURRENCY LEGISLATION.*

I. MONEY, AND WHAT IS IT?

It promotes clearness in all financial discussions to restrict the term money to those divisions of the precious metals which have the same market value, whether coin or bullion. A partial exception to these principles is found in the copper and silver coinage of small denominations, which are a legal tender only for very small sums. These are made lighter than the bullion value which their legend indicates, for the simple purpose of preventing their exportation as bullion, and securing at all times abundance of small change. Restricting the term money, as we have done, enables us to keep always in mind the radical distinction between it and all forms of credit which are used for the purpose of exchange, and which may be included under the general term "currency." Money, then, properly speaking, is a commodity, having its exchangeable value within itself.

Bank notes, bills of exchange, checks, pass from hand to hand, serve the purpose of exchange, and are properly called "currency," but the material which thus passes is in itself nearly worthless, and is simply representative of exchangeable values. Simple promises to pay money, or other commodities, at some time or place, do have an exchangeable value, but it is dependent solely upon the confidence of the purchaser of the promises in those who have issued them. These forms of credit, bank notes included, fall under the same general rules of commercial law, and depend for their commercial value, not upon themselves, but upon the trustworthiness of the promises to pay written upon them. They can never be legitimately made a legal tender for debts, or the

fundamental basis of any financial system. All credit currency is limited to the range of territory in which the makers of the promises and their trustworthiness are known.

The exchangeable value of money, let me repeat, depends not upon the stamp of the government which has issued it, but upon the weight and fineness of the metal of which it consists. It may be sold as bullion without serious loss, wherever in the commercial world it may be carried, and consequently gives its possessor the widest possible range of choice over the widest possible range of territory.

II. WHAT GOVERNMENT HAS NO RIGHT TO DO.

The most important desideratum in a coinage law, is so to fix the weight and purity of the coin, that when melted it shall as nearly as possible have the same value as bullion that it had as coin. The laws regarding coinage should, so far as possible, be determined by the estimate of the commercial world concerning the market value of those portions of the precious metals stamped as coin. Government cannot create the value on the metal coined, but it recognizes and assays it and stamps it, so that when it is used for purposes of exchange, there can be no doubt regarding the weight or purity of the pieces. It is worthy of remark, that this principle of jurisprudence here recognized, and which should condition all legislation on money and instruments of credit, was followed by Lord Mansfield in the enormous additions which he made by the decisions to the Commercial Law of England. By the study of the Roman Law, the usage of Italian cities, and the Hanse towns—by

* For the information of our readers, we publish this month a timely and well written article which appeared in a late number of *Barnes's Educational Monthly*, on the important subject of Currency, in which masters will find valuable information to aid them in dealing with questions of Stocks and Exchange.—ED. C.E.M.