

tobacco currency in Virginia reveals a great many of the principles underlying the science of money. The story is very well told by Mr. Horace White in his book, "Money and Banking":

In 1642 an act was passed forbidding the making of contracts payable in money, thus virtually making tobacco the sole currency.

The Act of 1642 was repealed in 1656, but nearly all the trading in the province continued to be done with tobacco as the medium of exchange.

In 1628 the price of tobacco in silver had been 3s. 6d. per pound in Virginia. The cultivation increased so rapidly that in 1631 the price had fallen to 6d. In order to raise the price, steps were taken to restrict the amount grown and to improve the quality. The right to cultivate tobacco was restricted to 1500 plants per poll. Carpenters and other mechanics were not allowed to plant tobacco "or do any other work in the ground." These measures were ineffective. The price continued to fall. In 1639 it was only 3d. It was now enacted that half of the good and all of the bad should be destroyed, and that thereafter all creditors should accept 40 lb. for 100; that the crop of 1640 should not be sold for less than 12d., nor that in 1641 for less than 2s. per pound, under penalty of forfeiture of the whole crop. This law was ineffectual, as the previous ones had been, but it caused much injustice between debtors and creditors by impairing the obligation of existing contracts. In 1645 tobacco was worth only 11¹/₂d. and in 1655 only 1d. per pound.

These events teach us that a commodity which is liable to great and sudden changes of supply is not a desirable one to be used as money.

In the year 1666 a treaty was negotiated and ratified between the colonies of Maryland, Virginia, and Carolina, to stop planting tobacco for one year in order to raise the price. This temporary suspension of planting made necessary some other mode of paying debts. It was accordingly enacted that both public