

per coinage may be left out of consideration as of inferior importance.

In the system of the United States, since the year 1834, the unit adopted as standard is the Silver Dollar, contain  $371\frac{1}{4}$  grs. pure silver, and this is subdivided into 100 cents of copper. The Gold Coin which is also in use, is the Eagle, containing 232 1-5 grs. pure gold, and fixed by law as the equivalent of 10 dollars.

In each case although the standard is ostensibly of one metal, gold in sterling and silver in the other, yet by reason of the existence of these fixed legal equivalents of coins of the other metal to the standard, it is plain that each country in reality uses a double standard. Now, Gold and Silver, being metals each possessing an intrinsic value, will always like other commodities have a market value relatively to each other, a value which is quite independent of legislative enactments, and rarely if ever coincides with that fixed by law: so that the ratio between the metals is by law said to be constant, while in fact it is perpetually varying, and in all double currencies of this kind, one metal is certain to be undervalued as compared with the other. Thus it was in France and England, towards the close of the 18th century: England over-valued gold, and France over-valued silver, and the effect was the disappearance of gold from France and of silver from England. The inconvenience resulting in this way does not appear to be capable of evasion altogether; its effects are somewhat obviated in sterling by the enactment that silver is not a legal tender to the amount of more than £2, and this confines the evil within small limits, and renders a change in the amount of metal contained in one of the coins necessary only at long intervals. How it will then be effected is not stated, but most probably it will be by altering the amount of silver in the lesser coins. In the United States, however, no such restriction exists, nor indeed could it exist so long as the small coin is the standard, for all large payments are made in gold and no legal limitation to the amount of tender could possibly be made. Here, therefore, the evil exhibits itself in its full effects, and the only remedy will be by successive enactments reducing the amount of gold in the Eagle—this has already occurred even in the short period that has elapsed since the construction of the federal coinage, namely, in 1834, when the Eagle was reduced from  $247\frac{1}{2}$  grs. of pure gold to 232 1-5, more than 15 grs., or about  $6\frac{1}{2}$  per cent. In this respect Great Britain seems to have a decided advantage over the States.\*

"Before the discovery of the mines in America the value of gold as compared with that of silver seems to have varied in the different mines of Europe between the proportions of 1 to 10 and 1 to 12, but about the middle of the 17th century it came to be regulated at 1 to 14 or 15 from which it not has since varied much." In sterling an ounce of gold is worth a little more than 15 ozs. of silver, and in federal money, an oz. of gold is worth a little less than 16 ozs. of silver: it thus appears "that gold has been rising in its nominal value or in the quantity of silver exchanged for it: both metals have sunk in real value or in the amount of labour they could purchase, but silver has sunk more than gold." Whether the enormous discoveries of gold in Australia and California will check this downward tendency of silver is not easy to say.

The difference pointed out between the relative values of the two metals as regulated in England and America renders it difficult to institute a strict comparison between their respective coins. The £ sterling compared with the Eagle by means of the amounts of pure gold contained in each is worth \$4 86 $\frac{2}{3}$ , which is its value as fixed by the United States Mint, and its legalized value is \$4 84. Again, the sterling shilling compared with the silver dollar by the amounts of

pure silver contained in each, should be worth 21.74 cents, while its legal value is 23 cents, and its mint value, calculated apparently on the English scale, is 24 $\frac{1}{2}$ .

With regard to the utility of each system for the convenience of internal traffic, the American is, without doubt, theoretically the most perfect that can be conceived, while the sterling subdivision of 4, 12 and 20 are about as awkward as can be. The sterling, however, has the advantage of possessing coins of more convenient amount, and embracing a larger range, the £ being much better than the dollar for large transactions, and the farthing more useful than the cent in retail trade. The reasons, however, which have caused the practical working of the American system to be so far removed from its theoretical perfection, will be touched on by and by.

It is clear that the two systems cross each other in such an inextricable manner as to give no hope of accommodation between them, and the construction of any system to harmonize perfectly with both would be altogether an insane attempt; let us examine then how far our present Provincial Currency succeeds in the adaptation. I here speak of the Provincial Currency as established by the Acts 4th and 5th, 13th and 14th Victoria, and not of the various currencies of exchange in use in different departments, which it would be only a waste of time to enter into.

Our currency is subdivided by 20, 12, 4, starting from the £ with shillings, pence and farthings, thus adopting the sterling measure in its most objectionable part. The £ sterling is said to be the standard of value, and denominated £1 4s. 4d.: as the £ sterling might have been called by any other name, the denomination being quite arbitrary, it will be curious to examine the origin of this extraordinary number £1 4s. 4d. which is our unit. It appears to have taken its rise in the state paper-system adopted by the ancient British Colonies of America. "The paper currencies of North America," says Adam Smith, "consisted, not in bank notes payable to the bearer on demand, but in a government paper, of which the payment was not exigible till several years after it was issued; and though the colony governments paid no interest to the holders of this paper, they declared it to be, and in fact rendered it, a legal tender of payment for the full value for which it was issued. But allowing the colony security to be perfectly good, £100, payable for example 15 years hence in a country where interest is at 6 per cent., is worth little more than £40 ready money. To oblige a creditor, therefore, to accept of this as full payment of a debt of £100 actually paid down in ready money was an act of such violent injustice as has scarce, perhaps, been attempted by the government of any other country which pretended to be free."

Of course this ingenious "scheme of fraudulent debtors to defraud their creditors," as Smith calls it, failed as all legislative interference with the natural laws of trade must fail, and in course of time the exchange with Great Britain varied so widely that £100 sterling came to be considered the equivalent in some colonies of £130, and in others of so great a sum as £1100 currency, this difference in the value arising from the difference in the quantity of paper emitted in the different colonies, and in the distance and probability of the term of its final discharge and redemption.

Another instance I will quote from the same authority.

The colony of Pennsylvania, before any emission of paper money, had raised the denomination of its coin and had, by act of assembly, ordered 5s. sterling to pass in the colonies for 6s. 3d., and afterwards for 6s. 6d. The pretence for doing so was to prevent the exportation of gold and silver, by making equal quantities of these metals pass for greater sums in the colony than they did in the mother country. It was found, however, that the price of all goods from the mother country rose exactly in pro-

\* Since the above was written a Bill has passed the United States Senate, assimilating the practice of the States in this respect to that of Great Britain, and in effect abandoning the silver standard.