THE QUESTION OF MONEY.

To the Editor of the Canadian Merchants' Magazine.

SIR,—I am without sufficient leisure to reply, in the way they deserve, to the communications of your able correspondents Y. Z. and G. Indeed, my sole object has been to draw public attention to the subject, in the hope that abler pens would be found to take up my side of the argument, in opposition to the theory of the bullionists. Y. Z. must not suppose that I undervalue the introduction of bona fide capital for banking ; I only argued that this would not have the effect of preserving the money of the Province for provincial or *necessary* purposes, as opposed to foreign or *incidental* purposes, in so great a degree as the alteration of our money law as proposed by me. I hold that man to be the truest philanthropist who can, to the greatest extent, permanently increase the demand for his country's labour ; and his best means to attain that great end, to obtain the fullest and most permanent circulation for the bank notes of the Province which can be obtained with due regard to the security of the holder. To a permanently larger circulation—a permanently large basis or security for our bank notes—is required. Y. Z. admits that—"Anything which tends to draw the precious metals from a country where they are not produced, and cannot, consequently, be a legitimate article of export, is injurious to the best interests of that country." Now, what I say is, that the *law* is, in this sense, injurious. The law leads to the exportation of gold by fixing a price upon it, which makes it certain that gold will be taken away, even if we have plenty of other native commodities, or embodiments of Canadian labour, which we want to export, unless we offer the latter at such prices as to make the exporter prefer them to gold. In a word, our own law, made for our own purpose, cuts the throat of our native industry. It does this by violating the great principle or law of supply and demand, and by attempting to make gold bear the same, or nearly the same price, in countries where it is scarce, as in Canada, as in countries where it is plentiful, as in England. In a country like Canada, where the supply of gold is small, gold is of course more valuable than in a country with more gold; but this extra value is, by our precious law, prevented from expressing itself in the natural or *marketable* way, viz.—in the increased price of gold or of bills of exchange. How then does it express itself, for express itself it must in some way ? It expresses itself in the only other possible way, viz.—in the *decreased* price of the commodities of Canada, or of the products of our own labour. These have to fall to the low *price* of gold (lower much than its *value*, it will be remembered), otherwise they will not be exported, and the gold will be exported. This exportation of gold is ruin to Canada, for it involves, firstly,—a proportionally diminished export demand for the produce of Canada; and, secondly,—a withdrawal from the Province of gold, the presence of which *the law* has made necessary to confidence and to bank note circulation.

At length we begin to ask ourselves the simple question,—is it our home or interior transactions, or the foreign trade, of which we intend the money of the Province to be the creature or hand-maid? For whose purpose was it created? If it was asked for and created for the purpose of the foreigner, then our pre-