

SPECIE PRICES AND RESULTS.—PAPER VERSUS GOLD.

The question of money is one which has engaged the attention of mankind in all ages; but that question has assumed a new aspect in modern times by the introduction of another element in the shape of a paper currency, the true effects of which do not seem to be thoroughly understood. Under ordinary circumstances the discussion of this subject is dry and uninteresting, like the disputes of the medical faculty to persons in good health, but when symptoms of a dangerous malady are manifested, the nature of the disease and its proper treatment at once become subjects of intense interest. So it is with the body politic, and in the present *feverish* state of the commercial world, the financial M. D.'s are feeling the patient's pulse and prescribing remedies with becoming gravity: treat the patient homoeopathically, says one, allopathically yes another, while the only hope of safety for the poor sufferer appears to be that which has saved thousands before, namely a good strong constitution.

Modern Banking is attacked by two classes holding different views; one class maintaining that more paper money is required, and that in order to keep it in the country it ought to be made a local thing and become the general currency of the country. Another class urges that such currency is altogether wrong, that paper money should be prohibited, and gold and silver allowed to take its place.

The advocates of the last-named theory are ably supported by a number of writers in Hunt's well-known magazine, and the following article from that journal aptly states the views of these writers generally. The careful reader however, cannot fail to discover many illogical conclusions arrived at by these writers, and to these we may again direct attention:—

"Most persons," says the writer referred to, "if asked what would be the effect upon prices, of a return of an exclusively metallic currency in this country, would say that they would fall enormously, perhaps 75 per cent., or more; at least, this is the opinion commonly expressed by casual thinkers on the subject.

They have in view only the ratio of the specie to the debt of the banks, as exhibited in their returns. It might be well for those who think so, to consider how long anything moveable would remain in this country at one fourth its present price, or how long the specie could be kept out that would be offered in exchange therefor. As we export about \$275,000,000 of merchandise annually, at present, it would not seem to require a great fall of prices to increase the export of merchandise to equal the gold exported—\$50,000,000 yearly, and keep the gold at home.

What are the banks in this connection? They create no real money, no gold or silver, nor anything that will procure them from abroad. They create no value, and add nothing to the demand for labour, or to the products or wealth of the community; but they create debt, inflate prices, furnish machinery for speculation, and expel gold from the country, to make room for their own debt, and gain interest thereon. They do not, and cannot, make any *permanent* addition to the currency.

It is marvellous what a perfect hallucination upon this subject, possesses the minds of men otherwise thoroughly intelligent.

The truth is, the fall of prices would be scarcely appreciable, at any time