

bring in the often glutted English markets their fair value in the markets of the world. No wonder, then, that the available money always gravitated towards England, and, if it had been possible to have enforced these laws strictly, the Americans could never have had any money with which to eke out their remittances in produce.

These laws were, however, in practice almost wholly disregarded. There grew up between the commercial colonies and the foreign West Indies and Spanish Main a large and lucrative traffic. The Boston merchants pushed their ventures everywhere, and the surplus produce of the colonies—the lumber, fish, and grain, found a near and ready market in the Spanish colonies of the Gulf of Mexico. There they were exchanged for specie—the gold and the silver, which were staple exports of Mexico,—and hence the coins of Spain, the doubloon, and especially the dollar, became the standard coins used in American trade, although the nominal currency was calculated in pounds, shillings and pence. With the money so obtained remittances were made to England; for the Spaniards had little of which the colonists stood in need. The English trade was thus fed by a systematic infraction of English law, connived at by everybody, so long as the French power remained unbroken in Canada. When that fell the latent divergence of interest became apparent, and the attempt of Parliament to stop this illicit trade by enforcing the Navigation Act was the real cause of the American Revolution—the Stamp Act was the pretext.

The specie thus obtained and the heavy tobacco remittances from Virginia could not pay the debts of the colonists and leave sufficient money for domestic use. The colonists were always pushing their settlements, westward, and the drain of money to England was continual. Moreover, the incessant wars with the Canadians and with the Indians often demanded great exertions from the Colonial Governments. Then the wonderful power of paper money was called into requisition. The various Governments (Virginia excepted) issued Bills of Credit for five shillings and upwards; with these they tided over great emergencies, and, as they became accustomed to them, they paid with these current expenses of Government. It seemed to the colonists that they had discovered a new El Dorado. In some colonies loan offices were opened by Government, and these bills loaned to private parties on land security at interest. In Rhode Island the interest might be paid in hemp, flax, or other produce, so that in appearance the Government derived an ample revenue without imposing a tax. The bills were made a legal tender, and as fast as one set of bills matured, others in increased amount were issued. The Government and the people were mutually accommodated, the currency passed readily from hand to hand, satisfying all the domestic exchanges and causing for years a great apparent prosperity; but the inevitable result followed. There was no limit to the issue but the moderation of the people who were the issuers. In 1738 one specie dollar in Massachusetts would buy five, in North Carolina fourteen, and in South Carolina eight, paper dollars. Massachusetts, ever in advance, was the first to push these issues to the utmost, and the first to abandon them. The great efforts made by that colony in 1745 in fitting out the expedition which resulted in the capture of Louisbourg, brought the currency and credit of the Province to its lowest ebb; and the evils of unrestrained paper issues became so apparent that when England, exulting in the prowess of her daughter colony, refunded the cost of the expedition, the grant was used to place the currency upon a specie basis, which continued until the Revolution. The Government bought up all

its outstanding bills by paying one Spanish dollar (six shillings legal par value) for every 45s. of the older, or 11s. 3d. of the more recent issue. This somewhat sharp financial operation was justified by the consideration that, the bills being no longer in possession of the original holders, and being largely depreciated, to pay their nominal value would be to impose a tax upon the people, to which the "people" generally objected.

The other colonies (Virginia excepted) never afterwards obtained a specie currency. Pennsylvania in 1773 issued a small quantity of paper at five years date. In 1729 Benjamin Franklin was one of the most strenuous advocates for a further issue. His pamphlet "Considerations on the Necessity and Value of a Paper Currency" largely influenced public opinion, and the printing of the issue which was entrusted to him probably tended to strengthen his convictions. Writing in his later years he confesses, however, that his views had changed, and that paper money might be abused; but the current theory among the people then was, that as gold was a representative of value, so paper was a representative of gold, and of value, by a double substitution. So firmly wedded did the people become to paper money that even in Massachusetts, when the Assembly were making efforts to return to a specie basis, riots occurred among the country people, who fancied it was a plot of the rich Boston merchants to sweep up all the money for their English remittances.

Paper money being as before stated, a legal tender in most of the colonies, strange feats of finance were performed. Instead of remitting to England, payment was often made to a resident agent, who would be compelled to receive the amount in paper at its nominal value. Sometimes the debtor class would get control of the issues, then money would be abundant, and mortgages, contracted in more unpropitious times, would be paid off. Again other interests would get the upper hand, issues would be checked and money would become scarce, then mortgages would be foreclosed and property brought to Sheriff's sale, when all who had ready money might buy to advantage. Specie was at a premium, varying in each colony with the amount of paper issue, and differing at different times in the same colony. The injustice became so great that in the year of the Stamp Act, Parliament passed a law forbidding Colonial Legislatures to make paper a legal tender, a law which caused great bitterness in the Middle Colonies, and which is alluded to among others in the Declaration of Independence, where the king is arraigned for "having refused his assent to laws the most wholesome, just and good."

Putting aside, however, for the present all considerations of the fluctuations caused by paper money, it must be observed that there was all the while a legal par of exchange, differing in each colony, based on a value of the pound sterling. Thus in Massachusetts £1 stg. = £1 6s. 8d. currency. In New York £1 stg. = £1 15s 6½d. currency. In South Carolina £1 stg. = £1 0s. 8½d. currency. The sterling pound had four different values in as many West India Islands, and a yet different one in Nova Scotia and in Newfoundland. The exchange book of Colonial days "Wright's American Negotiator," was a thick octavo, giving the rates of premium up to one thousand per cent. These old currencies even now linger in the speech of the country people. In Massachusetts 16½ cents is now often called a shilling, for it was the sixth part of a Spanish dollar, which used to pass for six shillings. In New York a shilling still means 12½ cents, because the Spanish dollar, was eight shillings at legal par in colonial days; and in Ontario the same usage, inherited from the U. E. loyalists, still prevails.

In all this chaos of currencies it is pleasant to find one