

(C)
STATEMENT

SHOWING THE EFFECTS THAT WOULD BE PRODUCED ON THE AMOUNT
OF THE CIRCULATING MEDIUM BY A DEMAND UPON THE
MINT FOR GOLD IN EXCHANGE FOR NOTES,

WHETHER FOR EXPORTATION OR OTHERWISE,

UNDER THE PROPOSED PLAN FOR THE PRACTICAL WORKING
OF

A New Principle of Currency,

CALLED

THE PRINCIPLE OF PROPORTION.

Let us estimate the Circulating Medium to be as follows :

Notes—Mint Notes,	10,000,000	Reserve of Gold
Bankers' Notes,	20,000,000	in the Mint,
		10,000,000
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	30,000,000	

Say, Bank of
England, 18,000,000
Joint Stock and
Private Banks 12,000,000

Sovereigns in circulation 30,000,000

60,000,000

CASE FIRST.

Suppose £1,500,000 was exported without applying to the Mint :

RESULT :

Notes as above,	30,000,000	Reserve of Gold,	10,000,000
Sovereigns	28,500,000		
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	58,500,000	Reduction, 1,500,000	
		Exported, 1,500,000	

The effect the same as though all the Circulation were Metallic.

CASE SECOND.

Suppose the Bankers found they had too many Notes, and wished to draw in their Circulation : they go to the Mint for 500,000 of Gold, and present 500,000 of Mint Notes, and £1,000,000 of their own Notes to be cancelled :