only be used to represent the *actual* amount of these metals in the vaults of the Bank; in the same manner as we now pass bank cheques from hand to hand to save the frequent counting and removal of the precious metals. It is urged that to increase the paper currency beyond the actual amount of specie it represents, is to give a fictitious and deceptive value to every marketable commodity—causing an apparent prosperity and an abundance of money not warranted by the true state of trade, and thus encouraging, for a time, the most reckless extravagance and overtrading, till at last the climax is reached, when, through the inevitable laws of trade, there comes a terrible reaction, shaking the social fabric to its very base. The advocates of this theory hold that the only effect of an increased amount of currency is to increase in the same proportion the price of all other commodities, and cannot, therefore, be of any real utility except to those who profit by loaning it. There seems, indeed, to be much truth in this view of the subject, for we find that in England, as the quantity of the precious metals increased, the price of every other article also increased, till, at the present time, every article of traffic, in proportion to the labour bestowed upon it, is thirty times dearer than it was in the year 1000, when, according to King Ethelred's laws, a horse was rated at 30s., a mare or a colt at 20s., a mule or an ass at 12s., an ox at 30s., a cow at 24s, a swine at 8d., and a sheep at 1s., Saxon money, which was worth about one-third as much as the sterling money of the present day. Another theory is,—that the Banks may safely issue a given amount of paper on the security of their capital, and the securities held by them over and above the amount of specie in their vaults; the only question being as to the quantity which can be issued with a due regard to their own safety. This theory is liable to abuse, by an over-issue of paper money, but whether its liability to be abused is any argument against its use, to the extent which appears to be warranted by experience, is the great question for economists to decide. The third theory is that advocated by our Hamilton Correspondent, which we confess our inability clearly to understand in all its bearings; but as the discussion of the subject proceeds, we hope to be able to comprehend, if not to approve of, the theory of money, as held by this class of monetary reformers.

That our readers may understand the views of those who hold the first theory mentioned, we give the following extracts from an able article in *Hunt's Merchants' Magazine* on this subject. The article contains a vast amount of information, independent of the views advanced by the writer, and will be found interesting to all who are engaged in discussing the money question:—

"We have previously seen," says the writer referred to, "that the mixed currency of the present day consists of two distinct elements, viz, *value money* and *credit money*—the first being that part of the paper circulation which does actually represent an equal amount of specie in the bank, and the other that which only represents credits, or what the bank promises to pay on the strength of the promises of those to whom it has loaned its money—that however apparently alike the mass of this circulation may be, it is in fact composed of these two kinds of money.

To ascertain the nature of this mixed currency, as shown by its effects, and to trace these effects and demonstrate their influence upon trade and in-