

occurred where a merchant, worth nearly \$200,000, owed less than the half of his net estate,—a prudent, exemplary man and an indefatigable worker, he was ruined and is now in an insane asylum.

We see by this example that it requires the whole sum of the currency to discharge the obligations contracted by its measure. We cannot fall back on the money portion of the currency to supply the deficiencies of the other, because the money is employed in its own functions, in effecting the exchanges depending upon it. No matter how much money may remain in the currency the debtor can have no means to obtain it, when his means depend upon prices that have fallen.

For convenience sake the payment for commodities passes through the medium of the currency, and the *promise* of the currency being *to pay dollars*, (and not land, public stock, or private indebtedness,) nothing else will meet that promise when dollars are demanded.

There are other facts of great significance. A high rate of interest indicates the abnormal condition of the currency shewing the preponderance of debt in relation to the money it contains. Debt in the currency has more effect in raising the rate of interest than debt anywhere else. By driving the money away it increases the demand for it. As the debt currency increases the rate of interest rises, and, except in the frenzy of the change, as it decreases, the rate of interest falls; a guarantee for the risk of bad debts, inseparable from the debt currency system, is always included in the rate of interest.

The sales on credit are made with a charge included for guarantee against bad debts, which with a money currency would be saved. It is believed that commodities pass on the average through five persons on their way from producers to consumers, with an average charge of four per cent. in each sale to cover the abnormal risk, so that articles reach consumers with an extra and unnecessary cost of

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