

About seventy years ago, they dropped the practice of issuing notes directly themselves, and adopted one which was far more secure for themselves. They gave each of their customers a book containing a number of blank acceptances, which he might fill up and issue at his convenience, and these were called cheques. This system prevails at present, and is the very foundation of London Banking. "Whatever effects the issuing of bank notes has upon speculators or prices, or in driving gold out of circulation, is equally effectually done by cheques and the inevitable tendency of a perfect banking system is to drive gold out of circulation and to substitute paper for it" So says McLeod in his "Theory and Practice of Banking;" and this is perfectly true, the present banking system drives the money out of the country, and Bank debt occupies its place.

The deposits are the largest portion of the currency of the country. They constitute the medium of exchange of all the large transactions of commerce. They comprise the "money," so called, of the merchants and manufacturers. It is their increase or decrease which causes prices to rise and fall. The variation in the amount of notes in circulation is comparatively limited, but in the amount of deposits is great and frequent.

Private debts are also a portion of a man's circulating medium, in the same way as the figures at his credit in his banker's books; for they can be converted into a bill of exchange at the pleasure of the parties; nor does a debt due from a private person differ from one due from a banker, except perhaps in security. It is certainly true that some of these descriptions of currency are more eligible and secure than others, but they are all essentially of the same nature and perform the same duties with different degrees of advantage. The metallic currency rests upon its own intrinsic value and the credit of the State that it is of the proper weight and fineness.

Among the different species of currency I have named coins, gold, silver and copper; they are Money, and are distinguished from the other currencies by being *that currency which government makes a legal tender in payment of debts.*