

equal to an American dollar, and the only effect of the Parliamentary increase in the value of coins, is to depreciate so much all the moneyed capital of the Province. The money is in fact worth no more than its value in the foreign country, for it will buy no more than that value from thence, the consumers pay the difference, and the whole property of the country invested upon credit, is sunk in value 25 per cent by the operation. It does not cause the import of a penny, or prevent the export of a dollar, or cause one pound of tea less to be purchased,—it merely depreciates the value of the whole currency.

For example, let us suppose a moneyed man in Toronto to have 1000 dollars lodged in a sound bank in Buffalo, or in the hands of a trusty agent there, and the importing merchant to come to him saying, give me an order for the money you have in Buffalo, and I'll give you 1000 dollars, Canada money, made legal by act of Parliament. The owner of the money in Buffalo says, no, that will not do. With the money I have in Buffalo any one may buy 1000 dollars worth of tea, but with the money you offer me he can only buy 300 dollars worth: therefore do you give me not merely 1000 dollars Canada money for my order, with 25 per cent premium, to equalize our bargain, but give me in addition something to make the bargain a gaining one. Then he gives the order, which is neither more or less than a bill of exchange, at, suppose, 26 per cent premium, the one per cent being the sum which the purchaser is willing to allow for the advantage of making his remittance by letter, instead of proceeding with a bag of specie to make the payment in person.

We have confined ourselves so far to the discussion of this question as regards money in specie, because, taken in this way, every thing is simple and incontrovertible as the rule of three. We are quite prepared for the sneer of the hackneyed politician, who is ready to mock our proof of principles almost self-evident. So we felt in our younger days, when we were instructed to remember that a straight line was the shortest one which could be drawn between two given points, that things which are equal to the same thing are equal to each other; and even when we learned that all the angles of a triangle were equal to two right angles, we felt as if our school-master, and the redoubted Euclid, were in the situation of the youth who

was so presumptuous as to teach his grandmother how to suck eggs. But, bless our souls, when we found out what a dance of perplexity we were led out of by the admission of simple, self-evident principles, and how perfectly the axioms successively admitted cleared up difficulties, and rendered every thing certain, we learned to value inductive reasoning, and to treat *ad captandum* propositions which are not capable of proof as they deserve to be treated.

We now are prepared to hear from our pupil the assertion that money, that is to say, gold and silver, is not the circulating medium required, it being very difficult to be had, and its value being intrinsic, and generally recognized, and therefore exceedingly stubborn and unmanageable by local authority. Paper, he will say, answers every purpose, and is capable of receiving any stamp of value, and a paper circulating medium may be created to any extent under the authority of Parliament.

A person accustomed to see bank notes passing unquestioned from hand to hand, is apt to think at first that there can be no difficulty in making any country rich by increasing the quantity afloat; and when even he considers the case more deeply, he only sees a necessity that there should be some security for the notes being ultimately redeemed, should people be foolish enough to limit the circulating medium, by presenting notes for payment. But then he thinks that so long as there is public confidence in the banks, there cannot be any necessity for redemption of notes, or for limiting their issue. He will even go so far as to argue that a suspension of specie payments is no evil, so long as the banks have a large amount of specie in their vaults, and are able to redeem their liabilities, though they actually do not redeem them. Very few indeed will consider the matter more strictly, and very few will admit that the rules applicable to money, almost all apply strictly to a paper currency. This is an important lesson in financial politics, if it be a true one; and if it be true it can be made simple by the application of admitted principles. We therefore solicit our young reader to bear in mind the rules we have applied to specie transactions, for the purpose of testing this opinion.

We admit that if money were not wanted for foreign trade at all, the intrinsic value of the coinage would not be of much consequence, so long as a perfect confidence was felt in the