

in a former publication, in favor of paper money. I am still disposed, as freely as ever, to advocate the benefits of this description of currency, when not unnaturally bolstered up, or used against, instead of concurrently with specie; and, moreover, I still adhere to my reasoning in support of the great utility of small notes, the *operative* part of paper currency, in filling up, so very readily, the channels of circulation left dry by the export of the coin, which had been used in the petty and daily transactions of the country.

Scotland, in relation to the London market, is in the same, or nearly the same position as Canada is to the New York market. Now, though the exchanges are said generally to tend in favor of London, yet drafts are readily given by the Scotch bankers at a little over $\frac{1}{4}$ per cent. premium, just what it would cost the merchant to transmit specie. Scotland possesses a sound metallic currency, and uses, besides, a large amount of paper money, which has no special protection or encouragement beyond the natural demand for its profitable employment; and more than the half of such paper circulation is in bills under £5.

The vast and lucrative foreign trade, and the rapid internal advancement of that small kingdom, have certainly been chiefly secured and promoted through the creation and extensive use of bank paper, as forming not only a cheap substitution of its metallic circulating medium, but a great addition to its commercial capital; yet such paper *has even been corrected by, and supported on a sound metallic basis.*

Here, on the contrary, our exchanges with our neighbours can only be effected at $1\frac{1}{2}$ per cent. *beyond what it would cost to transmit specie*;—a heavy tax on any business, and, unquestionably, a stoppage to some.* Besides, the banks here are

* A debased currency must ever give the banks here too great a control over the exchanges, since they can raise the rate on New York at the time bills are low there on England, and at the same moment contract their issues. The fluctuation