

equivalent value—a Government bond, bearing interest—thus distributing burdens and benefits all over the country. Although this bond may be said to be only giving one promise to pay for another, and thus compelling individuals to accept one token of debt for another, and that the public debt, according to these, would never be paid, yet it should be recollected that circulation always signifies growth, and ministers to it.

A Circulating Medium Settles Down.

Parts of every circulating medium settle down to something solid which makes a part of the organism, and keeps up its value and adds to its growth. The circulating medium of money settles down at last into something solid in interest and property, under the same law of conversion that makes a drop of blood contribute to form bone and muscle. For instance, London has recently constructed water-works for the accommodation of its present and future inhabitants. It is demonstrable that these water-works will pay not only the interest, but the principal of all the money invested, in a few years. The city issues its debentures for this work, which represent a certain amount of interest and principal. But the city not having the right to issue money offers its bonds for sale to the banks, or to private individuals, which are henceforth alienated from the possession of the city, in order to get money to pay for labor and material in the public work.

It might be asked why should not the

city of London keep their debentures and issue money for current expenses, on its own authority and credit; the answer is, because the power is too local and limited—though it is no more than is virtually conceded to the local banks in London. Let the Government, then, in its sovereignty, make such a currency, so based and secured, a legal tender—a measure of value. Then, when this work is done and begins to pay the city rents and water rates, let the income be applied to the extinguishment of the bonds, as well as keeping the works in repair. This is settling down a circulating medium or currency into a solid material, and capital organized into permanent use. This makes a circulating medium always expanding and contracting into a solid form, and hence there is no danger of inflation and expansion as long as it is making permanent improvements.

The true design and highest function of currency and credit are to encourage and stimulate industry and enterprise in useful forms, and to promote the work by giving the very tools by which it can be done. It represents the material value of the products of labor in prices, and not yet complete, for which it provides merely the current wages or support till the fruit of the labor comes to maturity, when that pays for all. To make this Canada of ours prosperous we must expand our currency, based on the credit of the country, and made equal in exchangeable value to gold and silver of a certain standard, and thus being a uniform measure of value.

CHAPTER V.

The Value of Money Consists in its Power to Accumulate—The Rent of Money and Property Compared—The Government Should fix the Value of Money—The Present Rate of Interest too High for Production—Nine Years to Double Money at Eight Per Cent.

The Value of Money Consists in its Power to Accumulate.

In the last chapter we asserted that money as a measure of value did not depend upon supply and demand, as was commonly thought; and, if so, in what then does the value of money consist? Money is valuable in proportion to its power to accumulate value by interest. A dollar that can be loaned for 12 per cent. interest is worth

twice as much as one that can only be loaned for 6 per cent.—just as railway stock, loan society stock, which will annually bring in 12 per cent., is worth twice as much as those that annually bring in 6 per cent. The value of money as much depends upon the legal power to be loaned for an income as the value of a farm depends upon its natural power to produce. If the assignats of France—which are often brought forward by the opponents of the National Currency