THE SUPERIORITY OF MONEY OVER BANK-DEBT IN THE CURRENCY.

With money we buy property and pay for it, and the money then remains keeping the currency whole to maintain prices and discharge all obligations contracted by its measure; with the debt-currency we buy property by transferring a debt; we pass an order on the bank; the bank then owes for the property instead of ourselves, and promises to pay money hereafter. I owe $1,000 to Johnstone, $1,000 of money will pay and end the debt, leaving the currency entire. Not having the money I give him an order on the bank. The bank now owes Johnstone what I owed him before; the debt is not paid. If the bank discharges its debt by an off-set with its creditor, it annihilates so much of the currency. This is simply the contraction of bank-loans; it is an absolute destruction of the means of paying the obligations it had created in the price of things; the price must fall. This is the important difference between money and debt in the currency. Money remains to support prices and maintain the integrity of obligations, after paying and ending debt. The debt currency cannot pay and end debt without destroying the sum of the currency. See the wretched effect of this in an illustration.

A trader by industry and frugality acquires $10,000 clear balance at the credit of his stock account with a certain increase of currency. His assets are $30,000 and he owes $20,000. This is an average position of traders in the country. Now the banks being obliged to pay their debts annihilate so much of this currency, as was really the case in the fall of 1857, that general prices fall one-half. The trader's debtors cannot pay, his merchandise falls, and his assets fall one-half; he has $20,000 to pay and only $15,000 left to pay it with. Instead of being worth $10,000 he is now bankrupt $5,000 without any imprudence or fault of his own, but simply by the miserable instability of this principle of debt in the currency. The reader no doubt knows many cases of this sort occurring in the fall of 1857. One