

## ADVANTAGES OF THE SYSTEM.

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The Mint or National Bank could never stop paying in Gold. Before the last Sovereign could be drawn out, the last piece of Paper Money in existence must be cancelled.

No Commissioners would be required to regulate the issues of Paper Money. The Bank of England, Joint Stock and Private Banks would issue as much Paper as they pleased: they would not be likely to issue too much, for, as Mint Notes would be preferred, their own Notes would be returned upon them, if they issued too many. Mint Notes, being only a substitute for Gold deposited, would leave no profit. The Profit of the Banker would depend upon how many of his own Notes he could keep in circulation: if he could not keep in circulation the whole of his own Notes, and part of the Mint Notes he received for the Gold he deposited, it would be his interest to cancel a proportion, and get back part of his Deposit from the Mint.

The Foreign Exchanges, when unfavourable, would act upon the Gold in circulation and the Reserve in the Mint: the latter would act powerfully upon the Notes in circulation; and the Diminution of the Circulating Medium would act upon prices and react upon the Foreign Exchanges. There would be no occasion for any direct or violent action upon Commercial Credit; it would be acted upon naturally and sensibly by the Contraction of the Circulating Medium.

The existing System of Currency appears to be founded on *two Principles*: *first*, that Gold should never be of more value than Notes; in other words, that Paper Money should never be depre-