

When a person receives an obligation expressed by a metallic currency, he is able to command the services not only of the original debtor, but also those of the whole industrious community. The general consent of the whole nation, or of any number of nations, to receive the metallic currency in return for services, does not in any way alter its nature, nor could it have any value beyond those countries. Consequently it would perform the same functions as the paper currency above mentioned, but it would have a *much wider circulation*.

There is clearly no difference in principle between a metallic and a paper currency, only one depends on a *wider basis of credit*, than the other. A metallic currency is subject to its own peculiar disadvantages, because by its constant wear and tear, as it passes from hand to hand, it suffers considerably by abrasion, not to mention any bad practices that may be resorted to to lessen its weight; and as the quantity or weight of the metal represents the amount of the services the owner may command, as the metal decreases in weight, so does the amount of the service it represents and can command gradually and correspondingly diminish. Paper is not subject to this intrinsic depreciation, so that if it were possible to have a paper currency based *upon the same credit*, and which would be *as generally received* as the metallic currency, it would be a preferable form.

The amount of currency in a country is the aggregate amount of it belonging to every individual. Now whatever represents the amount of debt due to any individual, in whatever form that debt be recorded, whether metal or paper, or whether it exists simply as a debt, is the amount of the currency belonging to him. Whatever, therefore, confers the power of demanding services, or professes to confer the power of demanding them, is the currency or circulating medium of any single person; and includes not only the current money of the realm, but whatever represents or displaces it. Adopting this definition we may enumerate the different species of currency as follows:

1. Coined money. Gold, silver and copper.