

preciated about 9 per cent. Taking the soundest of the two coins, we see that the crown is, in its domestic use, raised nearly 2 per cent. above its value out of the Province; and by reference to the rates of exchange between Montreal and New York, for several years past, I find the average premium to have been *at least* *L.2* per cent.;\* while the cost of transmitting specie would have been only 10s. per cent., leaving a balance against this Province, on its transactions with or through New York, of *L.1* 10s. per cent., or about the amount per cent. of depreciation on our metallic currency—the French crowns. This is pretty direct evidence to shew, that our foreign exchanges are operated on by our debased currency, to the amount of such debasement in the foreign market. The following extract from Smith's *Wealth of Nations* corroborates this view of the case. “The State of Pennsylvania [when a British colony] raised the denomination of its coin, on *the pretence of preventing the exportation of gold and Silver*, by making equal quantities of those metals pass for greater sums in the colony, than they did in the mother country. It was found, however, that the *price of all goods from the mother-country rose exactly in proportion*, as they raised the denomination of the coin, so that the *gold and silver were exported as fast as ever.*” This result of raising the prices of goods, and enhancing the rates of the foreign exchanges against us, during an unfavorable balance, must ever follow any attempt to give a high fictitious value to coin. In Lower Canada, instead of the effect being confined to an elevation of about 2 per cent. it would extend to 9 per cent. were it not

\* To obtain the average rate of exchange on New York, and also on London, I took the rates for each month, without reference to the *amounts* drawn for. Had I observed these amounts, I am inclined to believe, that the average, in either case, would be 1 per cent. higher than I have stated. The rates are generally found to be higher at the period when the heaviest remittances are to be made; and this advance, when beyond the par per cent. depreciation of the crowns, is sustained by the Banks holding the half-crowns.