

ourselves ninety per cent. of our productions. The main object of a currency is to effect the internal exchanges of products with facility and justice. A national paper currency could not impair foreign trade nor do injustice to other nations; instead of disturbing foreign trade, a well-regulated paper currency would greatly facilitate it. Trade between nations is carried on by individuals, and not by governments.

Balance of Trade.

And here we may correct a wrong impression about governments, and a *balance of trade*, as it is called. It is erroneously supposed by many that governments have a hand in settling these balances, and have to borrow gold from other countries to do this, and that if the balance of trade was two millions of dollars against us for one year, and again for a series of years—say ten—the balance at the end of this time would be twenty millions; and this in the case of Canada, for instance, would be a debt against the country payable in gold, and we would have to borrow this amount to pay it off. But this is a mistake, as balances of trade are not necessary accumulative, fixed and definite; they keep revolving and assuming different shapes, forms and dimensions. This balance of trade is a sort of fictitious index of the trade relations of a people, and has nothing to do with governments. All trade must be finally balanced by the exchange of commodities produced by an equal amount of labor. The governments simply make laws and fix the standards by which the weight and quantity of articles of trade are to be determined, as also the tariffs of duties on imports and exports. Individuals then export and import goods and merchandise as their interests dictate, or as there is demand, and receive for them the money in use where the goods are sold; for instance, importers of goods for the Montreal market take in payment for their sales the money current there. If they must remit the proceeds of the goods, they buy lumber or other products for shipment and sale abroad, or bills of exchange, or specie, as may best subserve their interest. English exporters to Montreal again receive in payment for their goods our current money, and invest the same as they deem most profitable. If we had none but paper money, English exporters to Montreal would sell their goods for our national paper money, buying with the proceeds our wheat, flour and stock, or bills of exchange on England, or bullion. Or, they could lend the money here as they now do, and purchase products for shipment to England with the interest, or reloan the interest. In fact, if our paper money would buy our own wheat, flour and beef, it cer-

tainly would buy for the foreigner wheat flour and beef in our own market; or again, if our paper money would buy Canadian tweed and Canadian hats, it should buy English tweed and English hats in our own market. There is no reason why we should provide a currency to pay for the products of foreign labor, different from that which pays for home labor.

If our imports do exceed our exports this balance will draw interest against our merchant until they can pay it in specie or products. There is certainly no greater necessity for our Government to provide means for our merchants to pay their debts to foreign merchants in such cases, than to provide means for merchants in Ontario to pay their debts to Montreal importers in case of a failure of the wheat crop up here.

The balance of trade is merely a form of credit, and is just as applicable to purchase and sale between Ontario and Quebec as it is between Ontario and England. When in any year Ontario merchants buy of Eastern merchants more goods than their crops will pay for, the latter must wait for the next crop, meanwhile being content to receive interest on the amount due.

If our Government maintains a currency which a balance of imports over exports, demanding a shipment of specie, must necessarily derange, and also subject debtors to extravagant rates of interest, this legal act must cause greater loss to the people than the failure of crops that would turn the balance of trade against them. And it is our opinion, no matter what crops we have and what we produce, the balance will be against us whilst we have to pay such exorbitant interest for gold. The only embarrassment which could occur in our foreign trade from the use of paper money would be delays in payments when the exports exceed the imports; and the occurrence even of this would be rendered much less probable by the use of paper money, at a lower rate of interest than it is with our banking system at high rates of interest. The greater facilities afforded to production would yearly save an immense amount of imports, and the difference in the interest account between Canada and England would save us millions of dollars a year.

Advantages of a National Paper Currency.

If we had a sound national paper currency, and did not depend on gold and silver to make our internal exchanges, we could send all our gold out of the country to adjust our foreign balances, without deranging our monetary affairs, or enabling foreign or native capitalists to embarrass