

high as 88 per cent. The States of Sardinia, of Naples, and of the Pope, also made a like abuse of paper-money, of which the value was reduced to nothing, and was cancelled by the force of revolution. "The circulating capital of France," according to Sismondi, "was twice almost entirely destroyed by paper money; the first time by Law's Bank, and the second time by assignats. During the depreciation of paper, no one sold without being obliged to replace his goods at a higher figure, so that every exchange was a loss, and the results of the accumulated labor of preceding ages being gradually subjected to like sales, were in the end destroyed." * * *. "At the second epoch, anything that was susceptible of being sold, however by its nature unlikely to become an object of commerce was exported. Shops of every kind were emptied of their goods; the book stores even underwent the same process, and old furniture was in its turn shipped off to foreign countries. Commerce had acquired a false activity. The nation seemed to be selling heavily, but it received for its pay only paper which had no value, and in the end it found that it had exchanged all its material wealth for 45,579,000,000 of francs in assignats, which at the moment of their suppression, on the 7th of Sept., 1796, were worth only three sous, six deniers to the one hundred francs."

These lessons of history ought to be a sufficient warning not to set up a system of banking and currency which will bring about like calamities. If the government of this country were to insist on compelling the banks to advance to it the great bulk of their capital, no matter what might be the pretext under which the law was framed, there could be but one result. The banks would, in that case, become much more liable to failure than at present, and the catastrophe would not be unattended with individual, almost amounting to public, suffering. The bill-holders might possibly be secured but the depositors would suffer. The notes might, or might not, be guaranteed by the government. If they were, the operation might take this shape. The government, we will suppose, wants to raise money outside of the revenue, to add a few millions to the public debt. This can only be done by borrowing. The question is what is the best way of doing it? by going into the open market or by a forced loan from the banks. In the former case the government would know precisely at what rate it was borrowing, and what it would have to pay. In the latter case, it would be groping in the dark, and might have to repay twice as much as it borrowed. That might occur in this way, the faith of the Dominion being pledged to the redemption

of the notes, if the securities deposited by the banks became depreciated in value, the government, that is, the people, would have to pay the difference. It is quite conceivable that something might occur to reduce the selling price of Dominion debentures to fifty per cent. of their face value. In that case new securities would have to be issued and sold at a time when the public credit could least bear an additional pressure upon it. Every successive sale would bring down the value. On the other hand, if the notes were not guaranteed by the government and the securities on which they were based, underwent a great depreciation, how would the note-holders be paid more than a fraction of their claims? Certainly not out of the fund destined for the redemption of the notes. In the first case the general public would lose; those very bill-holders for whose benefit the scheme would have been ostensibly adopted would be the victims.

The downward course, once entered upon, would be rapid. If the Government itself, issued or authorized others to issue paper of this description, it could not refuse to receive it in payment of public dues. Thus while it was nominally receiving one dollar revenue it would really be only receiving fifty cents. Further expansions of credit would follow, and the paper would at last become only of mere nominal value. That is the course and the history of nearly every such transaction, and we need not flatter ourselves that any exceptional immunity will be accorded in our case.

Let no one say that these predictions are founded on false fears. We have already declared, by legislative enactment, the Provincial note to be equivalent in value to gold. Everybody to whom it is offered is obliged to accept it. It is true specie can, under the law, be demanded for these notes, but the operation is little better than a farce when they can be re-issued as specie the next moment. *

When paper money begins to depreciate the usual course is for the Legislature to step in and declare it equivalent to gold. In France Law's bank notes were declared, by Governmental authority, worth five per cent. more than specie, and the public was ordered to take them on these terms.

In England, during the long suspension of specie payments, which commenced near the close of the last century, a law was enacted declaring Bank of England notes equivalent in value to gold, and annexing a penalty to the offence of offering or taking them for less. So gross an interfer-

* Tout papier dont les course is forcé doit être considéré comme un papier-monnaie, encore qu'il soit acquitté à bureau ouvert car ce paiement est sans doute illusoire des l'instant qu'on s'est vu obligé de forcer acceptation du papier et de la déclarer par la loi équivalent à l'argent.—Sismondi.

ence with existing contracts has only one name to describe it, and that is robbery.

Let us be guided by the experience of the past to avoid the wide-spread calamities which an irredeemable paper currency would inflict on the country.

DOMINION TELEGRAPH COMPANY.

The stockholders of this company are ill at ease. A few days since a number of them, resident at London, held a meeting and resolved to pay no calls on their stock until more satisfactory information was received as to the precise character of the scheme; the people of Owen Sound seem also interested in the solution of a few knotty points, and clamor for more light; the Quebec people, out of a prying curiosity, we suppose, sent a representative directly to headquarters for facts and figures, and this after the issue of a lengthy certificate signed by the President and all those influential directors who have the scheme in hand, as to the soundness of the undertaking. However if the desired information is at last obtained we hope it will be given to the public; surely the Quebec subscribers will not hide their light under a bushel. Meantime, in the absence of such intelligence respecting the arrangements of the Company as ought, under the circumstances, to be given to the public, and to all the shareholders especially, we have a few facts to submit, which at least point a moral.

The Directors admit the existence of a contract binding on the Company to pay Mr. Reeves, the promoter, floater, contractor and principal stockholder, the sum of \$250 a mile for some two thousand miles of double wire. Making a note of this let us state another fact: A telegraph line of a similar character is about to be constructed running from Ottawa to Quebec. This is called "The People's Line." Quite recently the contract for building the section from Ottawa to Montreal was let—the line to be turned over to the Company by the 1st of August next—at the rate of \$76 per mile without the wires. These the Company are to furnish, and will cost from \$40 to \$44 per mile for a double wire. Taking this as a basis let us estimate the cost of one mile of this line:

Contract price, building, per mile.....	\$76
Wire (double).....	44
Instruments, batteries, etc., average.....	10
Cables.....	5
Advertising and sundries.....	15

Total cost, per mile.....\$150

No one who knows anything practically of the subject will deny that we have made a liberal allowance for expenses and contingencies. At this rate then the two thousand