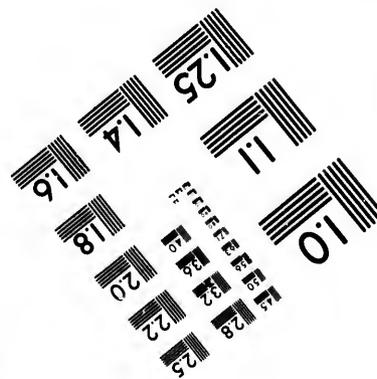
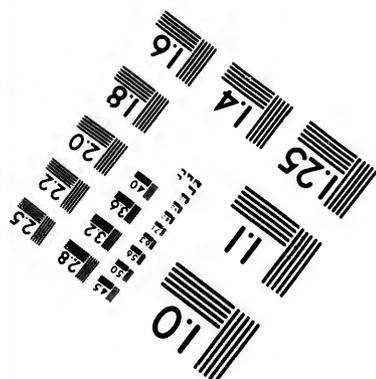
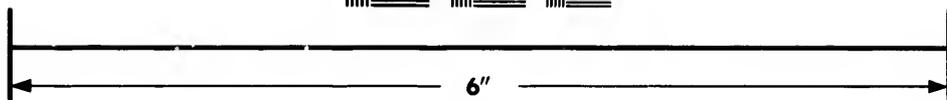
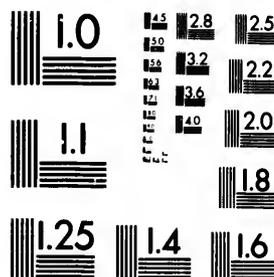


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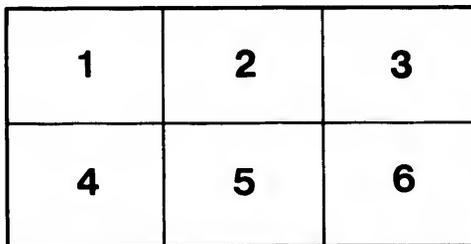
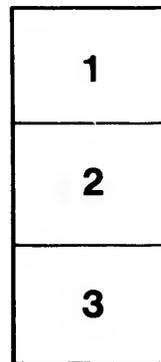
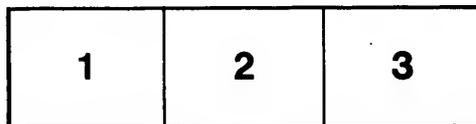
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OBSERVATIONS

ON

A METALLIC CURRENCY

FOR

LOWER CANADA.

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*With the author's respects*

OBSERVATIONS

ON

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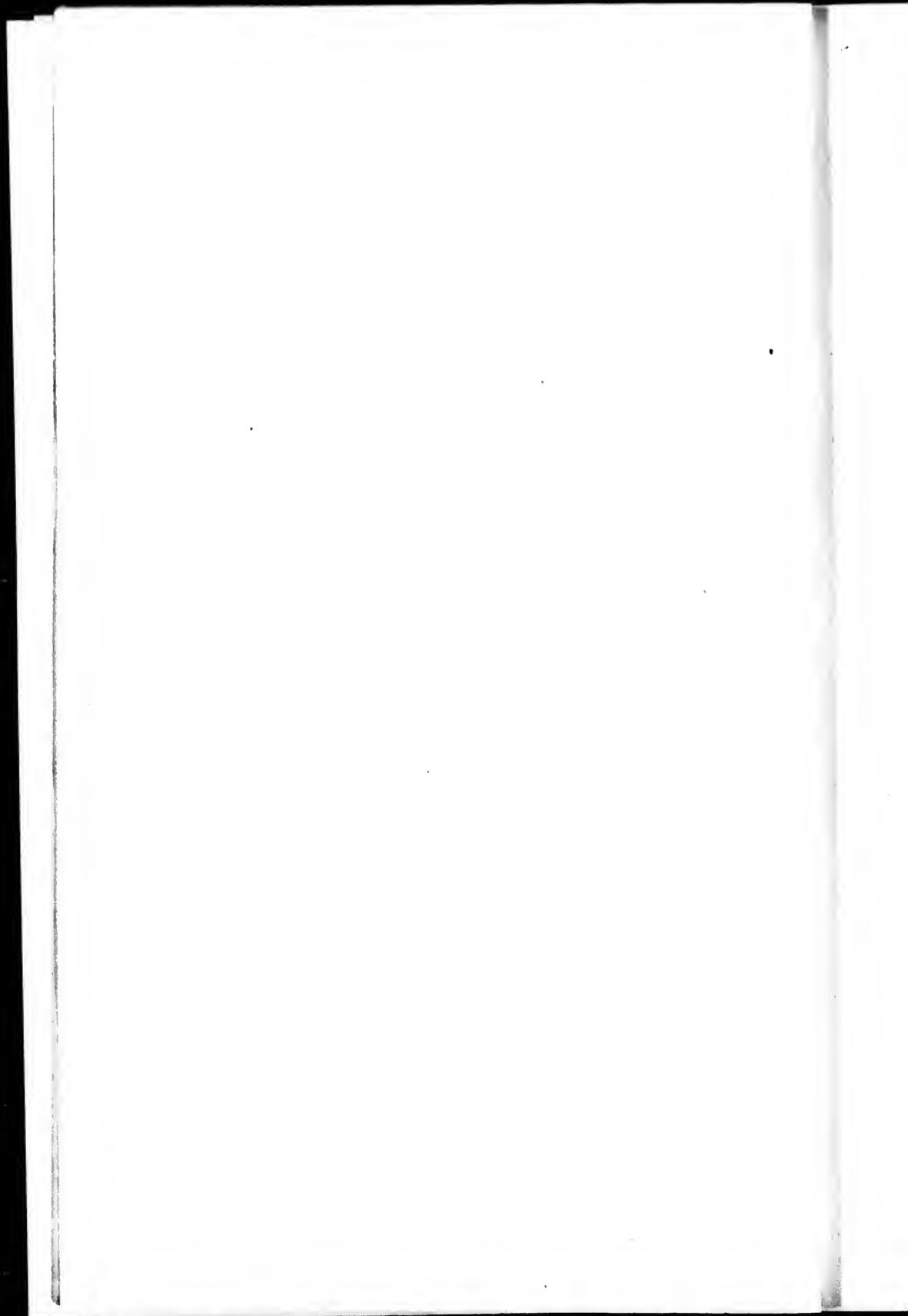
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## INTRODUCTION.

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DURING the few years that I have resided in this Province, I have listened to reiterated complaints of "the wretched state of our Metallic Currency." I have heard the French crowns and half-crowns accused of the most heinous offences against "equal rights," and reviled as having neither "image nor superscription."

If these complaints be just, and if these accusations be true, how is it that the coin which will not now fulfil its office, and which is represented as having a malign influence on the trade of the country, is still permitted to hold its place in the circulation? Is it, that no sufficient substitute or remedy can be found, or devised? Is it, that there is a baneful domination somewhere, that is supported and fattened by this, to it, most admired system? Or is it owing to general inertness and indecision, characteristic of the people, and the commercial portion too, of this Province?

Lord Bacon says of Pilate, "he asked, 'what is truth?' but would not stay for an answer;" so neither will I wait for replies to my interrogatories, but at once proceed to unfold my views (of which I entreat an indulgent, yet serious study,) on the subject of

# A METALLIC CURRENCY

FOR

## NOVEMBER CANADA.

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### PART I.

SITUATED as Canada is, without any mint of its own, and dependent on other countries for supplies of the precious metals, there are two co-relative advantages to be gained by approximating the legal value of foreign coin, as closely as the nature of the thing will admit of, to its marketable or exchangeable price in that emporium, which may be said to govern, or materially influence, the monetary affairs of the commercial world: The one, the power of attracting specie into local circulation, at a fair exchangeable value, for domestic productions; and the other, the means whereby foreign commodities can be paid for, under any state of circumstances, at not over such a cost or premium, as would be equivalent to the charges of transmitting the precious metals to the creditor country.

Suppose foreign coin to be made a legal tender in Canada, under its market price; it could not flow naturally into such a channel, since there it would not find its equivalent value; or admitting that it might occasionally find its way into the country, (and it would do so at an absolute loss, since it could only be purchased by, or exchanged for a greater value, than it would represent in its new sphere,) it could not remain, even under the most penal code,\* long in circulation, as it

\* Not even the penalty of death, decreed by the Spanish government, could deter parties exporting largely the precious metals, whenever such a trade was profitable.

would be the interest of individuals to collect and export it to that mart where it was fairly appreciated

Reverse the fact.—Let a legal value be affixed to foreign coin beyond its market price; still the country would not be a gainer. Specie would, certainly, pour into a market where it was so extravagantly prized; but its fictitious value would confine it to local circulation merely—at least until the prices of other commodities had been forced up to a level with the unnatural value of the coin, so as to admit of the latter being exported on equal terms; and thus the country would continue to trade at a loss commensurate with the difference between the intrinsic, and the nominal value of the coin.

I shall extend and enforce these prefatory remarks, in a subsequent part of the paper. Assuming them, for the present, to be correct, I shall proceed to shew, at what rates foreign coins (so long as we are without a provincial mint,) might be declared a legal tender, in order to give the Province the use of them as well in domestic circulation, as in foreign commerce, without paying “too dear for the whistle.”

It may, however, be proper and explanatory to state, in the first instance, what coins are legal tender, and at what rates, in Lower Canada, under existing laws and regulations.

By the 43 GEO. III. c. 8. s. I. it is enacted, that

		The British Guinea, weighing 5 dwt. 6 grains, Troy,			
		shall pass for £1 3 4 Cy.			
GOLD COINS.	Johannes of Portugal, „ 18 „ 0 „	„	4	0	0
	Moidore of do „ 6 „ 18 „	„	1	10	0
	Milled Doubloon or 4 pistole piece of Spain } „ 17 „ — „	„	3	11	6
	French Louis D'Or } „ 5 „ 4 „	„	1	2	8
	before 1793, } „ 5 „ 4 „	„	1	2	8
	French Pistole before 1793, } „ 4 „ 4 „	„	0	18	3
	American Eagle, „ 11 „ 6 „	„	2	10	0
	British Crown, . . . . .	„	0	5	6
	Do Shilling, . . . . .	„	0	1	1
	Spanish Milled Dollar, . . . . .	„	0	5	0
SILVER COINS.	Do. Pistareen, . . . . .	„	0	1	0
	French Crown, before 1793, . . . . .	„	0	5	6
	Do. Piece of 4 livres, 10 sols, Tournois, . . . . .	„	0	4	2
	Do. do 36 sols do . . . . .	„	0	1	8
	Do. do 24 sols do . . . . .	„	0	1	1
American Dollar, . . . . .	„	0	5	0	

Sec. II. Enacts, that for every grain the British, Portugal, or American gold coins shall weigh more than the above weights, when weighed singly,  $2\frac{1}{4}$ d. be added, and when less,  $2\frac{1}{4}$ d. be deducted from the above values, and  $2\frac{1}{2}$ d. be added to, or deducted from, as the case may require, the Spanish and French coins.

Sect. VII. Enacts, that, in payments above £20, gold coins shall be weighed in bulk, at the option of either party; those of Great Britain, Portugal and America together, at 89s. per ounce, Troy weight; and those of Spain and France together, at 87s.  $8\frac{1}{2}$ d. per ounce, Troy; a deduction of  $\frac{1}{4}$  grain from each piece being made as a compensation for loss, on paying away the coins singly.

The act recognises gold and silver coins alike as a legal tender to any amount, but restricts copper coin to payments of 1s. and under. The higher and lower denominations of the coins specified, are to pass at their proportional values.

The weights given to some of the gold coins, do not exactly correspond with the authorities I have consulted on the subject.—In Kelly's Cambist, the following weights are given :

The Guinea,.....	5 dwts.	$9\frac{1}{2}$ grs.
Moidore,.....	6 "	22 "
Milled Doubleon....	17 "	$8\frac{1}{2}$ "
French Louis D'Or, 5	"	$5\frac{1}{2}$ "

By the 10 and 11 Geo. IV. c. 5, the "Pistareens" are reduced from 1s. to 10d.

An order in council, (London,) 23d March, 1825, directed, that in all British Colonies, where the Spanish dollar was considered a legal tender, the public officers of the Imperial Government should consider "British silver money to the amount of 4s. 4d. as equivalent to the tender of one Spanish dollar;" and farther, that the proper authorities should receive British silver money, in exchange for bills on his Majesty's Treasury in London at a small premium. The object in-

tended to be promoted by this order, the introduction of British coin into general circulation, has signally failed, at least as respects this Province—the relative rate and premium fixed as the basis of operation, being exceedingly inaccurate, and at variance with the intrinsic and commercial par.

As the dollar of the United States may be said to be our real reference of value, and as our monetary exchanges with other countries, are, for the most part, dependent on, or affected by our proximity to the New York market, I shall consider the integer of account in Canada, the £ currency, as consisting of four dollars, or four divisions of five shillings each. It is also necessary to premise, that the dollar contains  $371\frac{1}{4}$  grains pure silver,\* thereby making our £ currency represent 1485 grains of the same. I treat coin in the light of a mercantile commodity, and found every computation of value on its worth, as a metal, in that mart which is allowed to rule all others.

In the Appendix, is a table, No. I. which exhibits the London market prices of gold and silver bullion, from 1820 to 1833, both inclusive. With regard to the price of gold, (which is by the 56 Geo. III. the sole standard of value,) it may be taken as established at £3 17 10 $\frac{1}{2}$ , sterling, per ounce, English standard of 22 carats† fine, since that is the mint‡ price,

\* “The act of Congress of 1791 declared, that the dollar of the United States should contain  $371\frac{1}{4}$  grains of pure silver, and *irrevocably* (?) fixed that quantity as the equivalent of a dollar of account, and the permanent standard of value according to which all contracts must be performed. The relative value of gold and foreign coins to that standard, may from time to time be varied, provided that neither be so overrated, as to authorise the payment of a debt with an amount in such coin of a less actual value, than that of the silver to which it may be made to correspond.”—*Gallatin's Considerations, &c.*

† “The purity of gold is not estimated by the weights commonly in use, but by an Abyssinian weight, called a ‘*Carat*.’ The Carats are subdivided into four parts, called *grains*, and these again into *quarters*; so that a *Carat grain*, in respect to the common divisions of a pound Troy, is equivalent to  $2\frac{1}{2}$  *Dnits*. Gold of the highest degree of fineness, or pure, is said to be 24 Carats fine.”

‡ It is no doubt true that “coins, not debased, or deteriorated, will almost always command a higher price than bullion, containing the same quantity of

and it can never fall much below it, the mint being always open to coin it at that; moreover, there is no seignorage on the coinage of gold exacted by the British government.

A different course, however, must be taken as respects silver, which is, in England, used merely for a subsidiary coin, and the issues of which are kept moderate, by being exclusively in the power of the government, and by being only a legal tender for payments not over 40s. at one time. Besides, there are four out of the sixty-six shillings, into which the pound standard, (that is, 11 oz. 2 dwts. fine, and 18 dwts. alloy,) is coined, retained as a seignorage. We must take the market price as our sole guide; and by reference to Tables No. I. & II. in the Appendix, it will be seen, that the average price of silver was five shillings, sterling, per ounce, English standard, during the period 1820—1834.

Thus, five shillings ster. purchases, or is equal to 444 grains pure silver; so that the £ sterling, or the sovereign, or which is the same thing, 113·001 grains pure gold, the contents of the sovereign, will purchase 1776 grains pure silver, making gold have a relation to silver  $\frac{1776}{113\cdot001}$ , or as 1 to 15·716.\* The

pure metal, on account of their greater utility, and of the cost of coinage;" but as regards the mint price of the one, and the market price of the other, in England, the average difference during fourteen years, (see table No. 1, Appendix,) did not exceed twopence per oz.; and I believe the practise† adopted by the mint, of late years, of exchanging sovereigns for bullion, without making the parties wait as formerly, has tended to keep the prices on almost a perfect equality ever since.

\* The proportional weight of the precious metals, drawn from the mines, is thus estimated by Baron Humboldt:

From the mines of Spanish America, . . .	Silver lb. 80 to Gold lb. 1
Do. do do } including the gold of Brazil,	" " 46 to " " 1
From the mines of Europe, . . . . .	" " 40 to " " 1
Do Asia and Africa, . . . . .	" " 30 to " " 1

These proportions differ essentially from the mint proportions of all countries, which, on an average, may be stated at 15½ lbs. of silver to one of gold. This difference results from the preference given to silver for general purposes, which thus raises its comparative value,—*Kelly's Cambist.*

† Parnall's Fin. Ref. 4th Edit. p. 509.

7 5/8

4/2

par between the £ sterling, representing 1776 grains silver, and our £ currency, equivalent to four dollars, or 1485 grains silver will be £1 sterling, = £1 3s. 11·03d. currency, which is an advance of  $7\frac{5}{8}$  per cent. on our nominal or legal par of 4s. 6d. sterling to the dollar. When our par was fixed at this latter relation, the old piece of Eight, as the Spanish dollar was formerly called, was worth 4s. 6d. sterling, *mint* price; but the coin generally known at present as the "Spanish dollar," contains 7 dwts. more of alloy, and is 4 grains less weight to the lb. troy,—the contents in pure silver being 370·9\* grains, which, at the English mint price, 5s. 2d. per ounce, standard, is only 4s. 3·79d.; and at the market price of 5s., but 4s.  $2\frac{1}{8}$ d.

On the above premises, I have computed the worth or equivalent in currency, of the pure metal contained in the several gold and silver coins, in the two following tables, having reference to a direct interchange in these coins between Canada and the London market. Besides these values, the tables exhibit, at one view, the mint whence issued; the name, assay, † weight and contents in pure metal, of the several coins; as also their legal values in Lower Canada, by 48 Geo. III., and their values as fixed in the United States by the law of 1834.

\* So given in Kelly's Table of Silver Coins—but by information obtained from the United States mint the Spanish dollar would appear to contain 374·816 grains—the weight being 416 grains, and the fineness varying from 900 to 902 thousandths.

† The assay and weight have been taken from 'Kelly's Cambist'—a work of high repute.

# GOLD COINS.

MINT.	NAME OF COIN.	ASSAY.	WEIGHT.	PURE METAL.	Value in Cur at the London market relative to Gold to Silver, (1853, pre. L. Currency.)	Legal value in Currency by 48 Geo. III c. 5.	Current value in United States by the Law of 1834.
ENGLAND,.....	Guinea (partis proportion).....	Gr. Grs. 59 0	dwts grs. 5 9½	grains. 118.7	£ s. d. 1 5 1½	£ s. d. 1 3 4	D. ds. m. 5 11 5
FRANCE,.....	*Sovereign (100).....	51 2½	5 5.574	112.001	1 3 11.05	1 2 9 1.10	4 87 5
	*Dble Louis since 1787 (100).....	51 2½	9 50	216.6	5 0	5 3 1½	9 16 2
	*Dbl Napoleon 40 fr. piece.....	51 2½	8 7	179.	1 17 10.6.10	1 16 4½	7 70 3
	*Napolion or 10 Fr. and.....	51 2½	4 3½	89.7	0 18 11.5.10	0 18 2 1.10	3 85 1
PORTUGAL & BRAZIL	*Doubloon of 24,000 Rees.....	52 0	54 12	750.	8 0 7.9.10	7 13 6.5.10	52 74 6
	*Dobra of 12,800 do.....	52 0	18 6	404.5	4 4 11.9.10	4 1 5.5.10	17 30 1
	*Johannes (parts, Sec.).....	51 2½	18 0	298.89	4 3 6.9.10	4 0 0	17 06 4
	*Johannes (100) do.....	51 2½	6 ½	503.27	5 3 0.5.10	2 1 3	8 76 3
	*Moidore (100) do.....	52 0	6 2½	154.16	1 12 5.5.10	1 10 0	6 55 7
SPAIN,.....	†Doubloon of 1779.....	51 1¼	17 8½	572.	3 18 9	3 14 6	16 02 8
	(parts, Sec.).....	50 3	17 9	360.5	3 16 57.10	3 14 6	15 53 5
	†Quadruple Pistole of 1801.....	52 0	11 6	447.5	2 12 8.5.10	2 10 0	10 66 5
UNITED STATES,.....	†Eagle before 31st July, 1834, (parts, Sec.).....	51 2¼.15	10 18	522.	2 9 15.10	2 10 0	10 0 0
	†Eagle after 31st July, 1834, (parts, Sec.).....	50 3	17 9	360.5	3 16 57.10	3 14 6	15 53 5
COLUMBIA & MEXICO	†Doubloon,.....	50 3	17 9	360.5	3 16 57.10	3 14 6	15 53 5

\* These coins are not particularised in the 1st Section of the Provisional Act, which prescribes the values to certain specified coins taken singly; but I have, in calculating their legal values in Table C, considered the 10 Fl. within the general expression used in the 7th Section. "Every payment that shall be made in gold, or in silver, shall be made in gold, or in silver, as the case may be, and therefore the gold coin at £1 2 9½, and the silver coin at £1 2 9½, are the only ones that are a legal tender whether singly or in bulk; and all others can only be offered and used at conventional values, as articles of commerce, which of these two coins is meant by the "Milled Doubloon, or 4 Pistole piece of Spain;" and I have, therefore, prefixed to each the same legal value.

† The *Assay and Weight* of the Eagle, both altered since 48 Geo. IV. *Query*—If a legal tender at £2 10, Cur. ?

‡ This coin cannot have any legal value either under the 1st or 7th Section.

N.B.—It will be observed, by the above comparative values, that with the single exception of the Eagle since 1834, the several coins are so much underrated in our currency by the Act 48 Geo. III. as, contrary to preclude them entering into our circulation; and even the Eagle of 1834 is, as compared with our crowns, undervalued, and therefore a prohibited coin.

To avoid the inconvenience in making small payments or exchanges arising from the fractional parts of one penny, it might be declared that in paying or exchanging any number of gold coins under 10. 10. fractions, if one half and upwards of one penny should be called unit; and the pence increased to one penny added to each coin; and that where the fraction was under one half of one penny, it should be wholly rejected from each coin. (With regard to the silver coins, the small fractions would be avoided if the plan at p. 16 were adopted. It might also facilitate larger payments and exchanges, if the gold coins were to be weighed in bulk, in manner as done by the 48 Geo. III.)

# SILVER COINS.

MINT.	NAME OF COIN.	ASSAY.	WEIGHT.	PURE METAL.	Value in Cur. at the London market (relative to \$5.755 in the U. S. currency)	Legal value in Currency in lower Canada, by Act Geo. III.	Current value in the United States.
ENGLAND.....	Crown since 1816.....	11 1/2 dwt.	17 1/2 dwt., grs.	8 4/5 grs.	5 5/12 d.	5 d.	1 0 0
	Half-Crown ".....	11 1/2 dwt.	17 1/2 dwt., grs.	8 4/5 grs.	5 5/12 d.	5 d.	1 0 0
	Shilling ".....	11 1/2 dwt.	17 1/2 dwt., grs.	8 4/5 grs.	5 5/12 d.	5 d.	1 0 0
	Sixpence ".....	11 1/2 dwt.	17 1/2 dwt., grs.	8 4/5 grs.	5 5/12 d.	5 d.	1 0 0
FRANCE.....	Piece of 5 Fr. (Napoleon) 1808	10 1/2 dwt.	19 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	6 1/2 d.	
	" " of the Convention.....	10 1/2 dwt.	19 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	6 1/2 d.	
	Two Franc Piece, 1808.....	10 1/2 dwt.	19 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	6 1/2 d.	
	One " " 1809 and 1818	10 1/2 dwt.	19 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	6 1/2 d.	
SPAIN.....	Dollar of late coinage, generally called "the Spanish Dollar,"	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
UNITED STATES.....	Dollar, 1823	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
MEXICO.....	Dollar, 1823	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
PERU.....	Dollar, 1823	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
CENTRAL AMERICA.....	" " Mint, 21st Jan. 1824	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
CHILI.....	" " 1823	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0

\* It is extremely doubtful if these values could be sustained under the 48 Geo. III. c. 8, s. 1, as the English standard has been altered since the date of that act; and these coins now contain less of pure silver than the coins of similar names mentioned in the act.

† The Assay, &c. of these coins are given according to Kelly's Cambist; but it would appear that there is some difference between his quotations, and the Assay of the United States mint, as seen by the following extract from a valuable statement, most obligingly furnished by a gentleman of the mint:—"The Spanish, and Spanish American Dollars differ but little in weight, and may be averaged at 416z grains. In their fineness, they are much more variable. The professed standard of all, is 902.79 parts of pure silver in a 1000 standard silver. The Spanish Dollar varies from 900 to 906 " There are six mints in Mexico, and their coins do not correspond well in fineness. Those of the city of Mexico are the best, and vary from 901 to 906 thousands; but the average of all

Mexican Dollars is as low as.....	896
The Peruvian, are about.....	902
Central American ".....	898
Columbian of 1825 ".....	915
Chilian ".....	911
[and the " Spanish Dollar, average.....	901

*Grs. per D. value at London price of Silver.*

5 0/32	5 0/71	5 0/34	5 1/89	5 1/32	5 0/64
572.33	572.68	574.01	581.69	579.43	575.95

# GOLD COINS.

MINT.	NAME OF COIN.	ASSAY.	WEIGHT.	PURE METAL.	Value in Cur. at the London market (relative to \$5.755 in the U. S. currency)	Legal value in Currency in lower Canada, by Act Geo. III.	Current value in the United States by the
ENGLAND.....	Sovereign.....	123 dwt.	123 dwt., grs.	123 grs.	5 1/2 d.	5 d.	1 0 0
FRANCE.....	20 Franc Piece.....	10 1/2 dwt.	19 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	6 1/2 d.	
SPAIN.....	Dollar.....	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
UNITED STATES.....	Dollar.....	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
MEXICO.....	Dollar.....	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
PERU.....	Dollar.....	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
CENTRAL AMERICA.....	Dollar.....	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0
CHILI.....	Dollar.....	10 1/2 dwt.	17 1/2 dwt., grs.	5 1/2 grs.	4 6/7 d.	5 0 d.	1 0 0

In the second table, the values (in the third column from the right hand,) of the English silver coins are computed on their contents in pure metal; and in this way only would they be received at any foreign mint. But as our remittances are chiefly to the mother country, and as the English government guarantees the redemption of these coins at their nominal rate, we might, I think, very safely place them with us at a value equivalent to that at which they pass in the circulation at home. This has been very properly done in Upper Canada by the 6 Will. 4, c. 27, as respects the crown and half-crown, which are declared legal tenders at six shillings, and three shillings, currency, respectively, being 8 per cent. above the nominal, and a very small fraction over the real par. But I respectfully submit, that a pernicious deviation from this standard has been made, by the same act, in favor of the shilling and sixpence; which at one shilling and three pence, and seven pence half-penny, currency, respectively, are enhanced upwards of 4 per cent. over the crown and half crown. Had the shilling and sixpence been limited, as a legal tender, to not over £5 at one time, and so kept in moderate supply, the comparatively higher value given to these pieces might not lead to any very mischievous tendency; while they would, as a subsidiary part of the currency, be found of great use as "small change." But as the law now stands, allowing them to be a legal tender to an indefinite amount, the public utility of the standard given to British silver, will be, in a great measure, defeated by the Banks drawing into their coffers, and using for exportation, the sounder portions of the currency, and tendering in payment the most debased. It cannot, I should suppose, be doubted for a moment, but that the above act has armed the monied institutions with a most arbitrary power over the financial affairs of the Province. This seems to be the view taken by the government at home.—See Lord Glenelg's Circular, as follows :

DOWNING STREET, August 31, 1835.

SIR,—The particular attention of his Majesty's Government, has been called to measures adopted by various Colonial Legislatures, for revising and altering the rates at which different coins should pass current, and be a legal tender, with reference to local monies of account.

These regulations have, obviously, considerable influence upon the transactions of those departments which are concerned in the collection of duties imposed by Acts of Parliament, more especially upon transactions of the Military Chest, and as material inconvenience has already been experienced in these respects, it is desirable to adopt such measures as may prevent the recurrence of such inconvenience, and thereby avoid the necessity of revoking such enactments, as may be deemed objectionable, after they shall have been promulgated, and carried into effect.

With this view, I have to desire, that you will not permit any Act, or ordinance, or proclamation, or regulation, to come into operation, in the Colony under your Government, relating to the local Currency, and circulating medium; or to the rates at which coins should pass current, or be a legal tender, or to the circulation of Promissory Notes, or other papers, either by the local Government, or by any Corporate bodies, or individuals, without having first received his Majesty's sanction conveyed to you by the Secretary of State.

I have, &amp;c.

GLENELG.

(A True Copy.)

J. JOSEPH.

Lieut. Governor, Sir F. B. HEAD, K. C. H.

By the above tables it will seen, that the *intrinsic* worth of the eagle of the United States, coined since July, 1834, is, as compared with the dollar of the same mint, at a discount of over  $1\frac{3}{4}$  per cent. This arises from the United States mint having, by the late gold bill, given a higher relative proportion to gold over silver ( $1$  to  $16\frac{1}{16}$ ) than is to be found in the London market ( $1$  to  $15\cdot716$ ).\* By the standard of the above mint, the eagle would be (the dollar being at five shillings, currency,) equivalent to £2 10, currency; and the sovereign, when full weight, to £1 4  $4\frac{1}{4}$ , currency.

This enhancement of gold in the local circulation of the

\* The relative mint price of silver to gold bullion in France, is  $15\cdot7$  to  $1$ ; and this has corresponded, with little deviation, to the market price during upwards of 40 years, since the mint relation was fixed.

United States, will make silver the best remittance to England and France; and of course, by putting it at a premium, will have the effect of withdrawing it from circulation, and causing gold to fill up the void.† One metal must ever displace the other when gold and silver are, as in the Union, both standards of value, and the proportion between them is not accurately fixed, which can scarcely be done, since their relative value, in the commercial emporiums, is constantly varying. It was, in order to preserve an uniformity in the currency, and to avoid the confusion and inconvenience resulting from the variations in the market prices of the two metals, and the tendency of one to drive the other out of circulation, that the English government decided on making gold the sole standard, or measure of value. It was, therefore, enacted in 1816, "That gold coins shall in future be the sole standard measure of value, and legal tender of payment, without any limitation of amount; and that silver coins shall be a legal tender for the limited amount of forty shillings only, at any one time."—"This act," as Kelly justly observes, "will be memorable in the history of the English mint, not only on account of the important alteration then made in the monetary system, but also for the great accommodation afforded to the public."

It will be a matter for serious consideration, which of the two relations of gold to silver ought to be adopted, that of the London market, or of the United States mint. The decision would most likely be made in favor of the latter, and, I think, not without specious grounds. The monetary exchanges of Canada are, and must necessarily continue to be, affected greatly by its proximity to that extensive emporium of trade,

† The following extracts from a letter addressed to me by a highly respectable house in New York, are confirmatory of this view of the case:—

"Previous to 1834, gold generally bore a premium of about 5  $\frac{1}{2}$  cent. but since he new law, silver bears a premium of 1 to 2  $\frac{1}{2}$  cent."

"Our Banks, however, having the option of paying in either metal, will not pay any thing but gold, and there is very little silver to be had."

and rich money mart—New York ; and to it must we look, on sudden emergencies, for supplies of the precious metals. Besides, I have every reason for believing, that our *direct commercial* relations with the States are rapidly on the increase, and that ere long, our neighbours will become our best customers for some of our staple articles—timber, wheat, &c.

To make gold flow in upon us from the United States, we should have to assimilate its value here to that south of the line 45 ; but then this difficulty would again arise, by adopting the United States mint standard in favour of gold, we should keep silver away.

I would offer, with great diffidence, the following observations and suggestions on this the most important and difficult portion of the subject.

Remittances from Canada are chiefly to Great Britain, though the rates for bills are in a great measure ruled by the New York market. Under this state of things, there must obviously exist great impediments in the way of adjusting our currency, on a sound and consistent basis, so long as the proportional value between gold and silver, as fixed by the United States mint, differs from that of the London market. Supposing we take the former standard, we raise the *local* price of gold, in respect to its London price ; and though we leave silver, as calculated in the third column from the right hand of the second table, at its fair exchangeable value with *London*, yet we depress it as it relates to the value as given to gold. Silver would, at the above rate, be a good remittance to England ; but as it would be underrated in relation to gold in the circulation, we should see but little of it. If, on the other hand, we adopt the London standard, then the low price of gold, as compared with its circulating value in the States, would keep it away from us. Until the United States mint proportion between gold and silver be rectified, which I cannot doubt being soon done, if the Government desire to keep both

metals as a legal tender, and retain a due proportion of silver in the circulation, I would propose the adoption, by this Province, of the following system. I think it would, in a great measure, ward off the confusion and loss incidental to an intimate connection with, and dependence on two countries having different standards of value.

Let gold be made the basis of our currency, and a legal tender to an indefinite amount; and let the American standard of value be adopted, making the eagle of 1834, equal to £2 10, currency, and the Sovereign, or £1, sterling, equal to £1 4 4<sup>24</sup>, currency,\* There would, then, be always a par remittance in the Province for the New York market. And in order to ensure a sufficient supply of small coin, for the petty domestic transactions of the country, let silver be enhanced about 1<sup>3</sup>/<sub>4</sub> per cent. over its legal current value in the States, which would place it in the circulation at its comparative worth with the gold, at the *mint* proportion between them of 16<sup>1</sup>/<sub>33</sub> to 1; but in order to prevent such redundancy of silver coin, as would depreciate the volume of the currency, (in its relation to that of the United States,) let such coin be declared a legal tender for sums not over £5, at one time.†

The act of Congress, in 1834, declared the following as the standard value of gold:

\* A Sovereign, when received from the mint, weighs 5 dwts. 3<sup>1</sup>/<sub>4</sub> grains; but the average weight of those that reach this country is 5 dwts. 2<sup>1</sup>/<sub>2</sub> grains, which would make the Sovereign worth, in the United States, *D.* 4 84 cts. equivalent to £1 4 2<sup>4</sup>, currency, being a fraction over 9 per cent. advance on our nominal par.

† Both gold and silver will, in relation to the standard in England, be enhanced in value, by the above system; but we must adhere to one standard or the other; and on account of our proximity to the United States, our increasing commercial relations with them, and our chief dependence being on them for immediate supplies of specie, I have thought proper to adopt their mint standard, with the alteration in the current value of silver, as above. Besides, by the above course, we approximate to the practice of the English government, in making gold the basis of circulation; and shall be the better enabled to effect any alteration either to meet a corresponding change among our neighbours, or to adopt more closely the English standard of value.

American, prior to 31st July 1834, 94 8 10 cents to the dwt	do	after	do	93	do	do	or 25 6.20 grs. to the dollar	25 3 4	do
English, Brazilian and Portuguese, 94 5 10	do	do	do	do	do	when 22 car. fine,	25 6.23	do	do
Spanish, Mexican and Columbian, 89 9.10	do	do	do	do	do	when 20 car. 37.10 grs.	26 7.10	do	do
French, - - - - - 93 1.10	do	do	do	do	do	when 21 car. 24.10 grs.	25 3.4	do	do

These are the only descriptions of gold that are a legal tender in the United States, all other kinds are sold at a certain rate per dwt. according to the purity of the gold.

In constructing the foregoing tables, I have not made any allowance for wear of the several coins in circulation, though this is a portion of the subject that ought to command some attention. Table No. III. in the Appendix, will sufficiently show what deductions ought to be made from the original values of gold and silver coins, after being in circulation any specified number of years. By the English law, the gold coins are allowed to pass but a small degree under their full weights; the sovereign, for instance, when not weighing under 5 dwts. 2 $\frac{1}{2}$  grains, which is  $\frac{1}{2}$  grain below the full standard weight; and by the Provincial act of Upper Canada, 6 Will. 4, before alluded to, it is declared, that the coins shall not pass when they have lost  $\frac{1}{25}$  of their original weight.

It cannot be denied, that Lower Canada trades under considerable disadvantages for want of a metallic currency fairly adjusted for the double purpose of a foreign export, and a local medium. To shew this, take it with its circulating medium of French crowns and half-crowns, for to these is the metallic currency almost exclusively confined, all other coins being underrated, and therefore picked up and packed off the instant they pay us one of their visits "few and far between." The *ecu* of six livres, our crown, or five shillings and sixpence, currency, when full weight, contains 403.1 grains, pure silver; and therefore, in relation to the United States dollar, is worth 5s. 5.14d. currency, a difference of over 1 $\frac{1}{4}$  per cent. This difference, however, is nearly 2 per cent. on the crown *as in circulation here*. [On this point, see Report of the Legislative Council, in 1830.] The half-crown is de-

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.

that the half-crowns are very limited in amount ; and even as it is, when the monied institutions happen to be well guarded at the moment with that coin, and money difficult to be had, the rate between Montreal and New York not unfrequently flies up to 4 per cent. It may, perhaps, with great justice be said, that the monied establishments have seldom, if ever, strained their power, derived from a depreciated currency, to an oppressive extent. But yet, however much this forbearance on their part is to be admired, it does not follow that the public ought, in common prudence, to trust to a continuance of such a line of conduct, when, even in its moderation, it involves a heavy tax on the commerce of the colony. This tax, as will be more fully explained hereafter, consists in discharging our foreign engagements at a rate enhanced relatively with the depreciation of our coin. Perhaps some are ready to say, that the Province derives an equivalent for this direct tax on its trade. Indeed, I have heard it asserted, that the Banks, being protected against frequent and heavy drains by having the French crowns to stand centinel over their vaults, afford accommodation to the local trade beyond what the country could acquire, were specie at par and left to flow into and out of the country, as its commercial balances might be in favor of, or against it. With this doctrine I can by no means accord.

I consider that the total capital (specie and paper,) would always be about the same, and be had at the same premium. The paper currency would contract or expand, (the local business of the country continuing the same,) as specie came into, or went out of the country ; and thus paper issues, instead of being protected by a debased local coin, and keeping specie away, would be put on their natural and safe footing, namely, as a representative medium, during the time the constituent itself was being more profitably employed abroad. These observations do not militate against the arguments used by me

in a former publication, in favor of paper money. I am still disposed, as freely as ever, to advocate the benefits of this description of currency, when not unnaturally bolstered up, or used against, instead of concurrently with specie; and, moreover, I still adhere to my reasoning in support of the great utility of small notes, the *operative* part of paper currency, in filling up, so very readily, the channels of circulation left dry by the export of the coin, which had been used in the petty and daily transactions of the country.

Scotland, in relation to the London market, is in the same, or nearly the same position as Canada is to the New York market. Now, though the exchanges are said generally to tend in favor of London, yet drafts are readily given by the Scotch bankers at a little over  $\frac{1}{4}$  per cent. premium, just what it would cost the merchant to transmit specie. Scotland possesses a sound metallic currency, and uses, besides, a large amount of paper money, which has no special protection or encouragement beyond the natural demand for its profitable employment; and more than the half of such paper circulation is in bills under *L.5.*

The vast and lucrative foreign trade, and the rapid internal advancement of that small kingdom, have certainly been chiefly secured and promoted through the creation and extensive use of bank paper, as forming not only a cheap substitution of its metallic circulating medium, but a great addition to its commercial capital; yet such paper *has ever been corrected by, and supported on a sound metallic basis.*

Here, on the contrary, our exchanges with our neighbours can only be effected at  $1\frac{1}{2}$  per cent. beyond what it would cost to transmit specie;—a heavy tax on any business, and, unquestionably, a stoppage to some.\* Besides, the banks here are

\* A debased currency must ever give the banks here too great a control over the exchanges, since they can raise the rate on New York at the time bills are low there on England, and at the same moment contract their issues. The fluctuation

often obliged suddenly to restrict their accommodation to the public, and not unfrequently after extensive issues, though there may continue to exist the same healthy and steady demand for their use, in the local circulation, merely from a difficulty, at a particular juncture, to replenish their vaults, except at a cost similar to what the commercial exchanges of the country have, all along, been subjected. The banks, having so great a protection in a depreciated coin, never can be expected to act in the same way as they would necessarily do, if the metallic medium were in a sound state, for the purpose of warding off a heavy drain of specie; either by a continuously moderate issue of paper, or by providing larger amounts of foreign funds to draw against, at such premium as would leave the public little inducement to run them for specie. The often sudden and racking contractions of the Banks, ought not, however, to be a subject of complaint so much against them, as against the Government that continues to sanction a state of things that permits, if it does not justify, the Banks acting as they do.

Were the Metallic Currency settled on a sound basis, so that specie *could flow freely into* the country during a favorable balance, the banks would not, in a time of adverse exchange—which, in a country like this, where the value of its domestic productions is so rapidly on the increase, could not be of very long duration—be under the necessity of restricting their discounts, to prevent a drain on their vaults to such an extent, as some timid or interested persons might fear or assert. Where the Currency of the country *has not been overloaded by excessive issues of paper*, but bears a pretty near relation to

in the rates of drafts on New York from  $\frac{1}{2}$  per cent. to as high as  $\frac{1}{4}$  per cent. is a great tax on the trade of the colony, and can only benefit the monied institutions and money dealers. I give the quotations of to-day, (27th Dec. 1836.)

Drafts in the New York market on England, 60 days	$7\frac{1}{2}$ to 8 per cent.	premium
„ (Bank) in Montreal	do 60 „	$12\frac{1}{2}$ do
„ do do	on New York 3 „	$3\frac{1}{2}$ do

the wants of the community, then the withdrawal of any of the specie portion of it from circulation, must be supplied with more paper till the vacuum be filled up. But even supposing this drain of specie to be continued till it began to encroach on the reserves of the banks, still, as the approach of the drain, towards the coffers of the banks, had been gradual, having first drawn off much of the coin from the various channels of circulation throughout the country, the reduction of discounts, on the part of the banks, would not require to be either so sudden or so great, as has hitherto frequently been the case, when the banks have had calls for specie for local purchases of grain, and a demand for bills on New York, at the same time that the state of the exchanges did not enable them to replenish their vaults except at a loss.

I refer to Table No. IV. in the Appendix, to shew the relative fluctuations in the issues of one of our Banks, (which may be taken as a criterion of the others,) and of the Bank of England; and it will be there seen what extraordinary ebbings and flowings there are in our Bank circulation, while that of the Bank of England is comparatively steady. I do not hesitate to ascribe this difference, between the action of the two, chiefly to the circumstance of the one having a sound and speedy corrector, and the other being almost without an efficient control over it.

The longer our present Metallic Currency remains unaltered, and in proportion as the issues of paper money encrease, without a sound specie basis; so will the difficulty to be encountered, in effecting a change, and the hardships of that change, on some portions of the community, be enhanced. The crowns are about 2 per cent., and the half crowns about nine per cent. a legal tender, above their intrinsic worth, making the entire Metallic Currency of the country, on the supposition of its being composed of these two coins in equal portions, overrated  $5\frac{1}{2}$  per cent. Now, the paper

circulation at present in Lower Canada, is not less than *L.*450,000, and this represents a coin  $5\frac{1}{2}$  per cent. above its value, making the paper money, therefore, in reality worth, in sound currency, only *L.*425,250. Should the paper go on increasing, without a proportionate addition to the specie in the country, it is evident, that as the only basis for such paper money would be a coin, not merely with a false value, but insufficient in quantity, the said paper would be progressively depreciated beyond even the  $5\frac{1}{2}$  per cent. I take it, that the position of the paper currency of England, during the suspension of specie payments, is a fair illustration of my present case—for an uncertainty as to the time when such suspension will cease, and a partial inconvertibility into specie, through the protection of a coin not applicable to many of its legitimate purposes, must have a like effect (differing only in extent according to special circumstances,) in depreciating a paper currency. The bank note circulation in England, in

1810 was	£16,000,000,	and its value in Gold	£10,000,000,
1813 „	46,200,000,	„ „	35,500,000,
And 1818 „	46,700,000,	„ „	45,500,000 ;

upon which facts Gallatin remarks, “it is evident that the confidence in the resumption of specie payments, must have been greater in 1810, and much greater in 1818, than in 1813 ; and that independently of the intrinsic value of the bank notes, as regulated by their amount, they must, whenever depreciated, acquire some additional value, according to the opinion entertained of their being again converted into specie, and of the proximity of that event.”

PART II.

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It is suggested by some, that any coin, intended to be used as a circulating medium in Canada, should be made a legal tender at a little over its par value, as bullion. I must confess, I do not see the advantages to be derived by the country from this measure; but its attendant evils are, to me, very glaring. Coin ought only to be considered as the putting a commodity, or article of traffic, in the most convenient shape, for the purpose of being used as the most general medium of barter; and it, therefore, ought to be regulated upon the same general principles, as any other species of merchandize. The granting a bounty to any particular trade, as was formerly the practice with the English government, has been allowed, on all hands, to have been a most unwise and unjust measure. A branch of trade, which could not support itself, as a profitable investment for capital, was to be nursed by a tax on that portion of the capital and industry of the country, which was otherwise usefully and lucratively engaged. As water ever finds its level, so ought capital and industry;—and it is incontrovertible, as a broad principle, that the greatest practical benefits are more surely reaped from their use and direction, when they are permitted freely to flow from one description of business to another—from one part of a kingdom, indeed the world, to another, as high or low profits attract or repel

them. And thus it is, that a safe and healthy equilibrium is preserved, in the commercial enterprise of the globe.

Now, to that portion of capital which consists in coin, these remarks are peculiarly applicable, since it possesses a greater facility of being transferred from one quarter to another, than most, if not all other commodities; and, therefore, the greatest service is rendered to trade by its course being left unshackled. This facility cannot, with any reason, be assigned for imposing a tax on it, in favor of, or to raise the price of other articles; and yet it would be a direct tax upon it, were its local value to be ever so little above its foreign worth, as bullion. Let us suppose this fictitious value to be given, and, while the business of the country cannot profitably absorb all the specie in it, some highly profitable investments abroad, present themselves; in this case, the exporters of the coin must pay or lose the difference between its fictitious, and its real value—it having been acquired at the former, but only capable of being used at the latter. Again, under this fictitious value, a debtor country (as already observed,) must pay its balance to the creditor country, not with so much gold and silver, at par, but with coin, taxed to the amount of the depreciation of the coin in the foreign market, as compared with the local one. It makes no difference if goods be sent abroad instead of the dear coin; for the price of the former will necessarily, with this extra demand for them, go up, till they reach that point which would make the specie a more saving remittance. Hence we see then, that the imports are paid for at a dearer rate, by enhancing the local, and depreciating the exchangeable value of the coin; and consequently this increase of cost on the foreign products, must check demand and retard trade. As the expense of conveying goods, is an item in the cost of production, and, therefore, effects consumption, so equally may be said of the expense of remitting money.

Is it desired to raise the price of coin to keep it at home, so as to have something of universal credit provided against a very disastrous season? Surely this would be, to a certain extent, "burying the talent" against a distant day, instead of using it in that way which would make it *most* productive, and thereby enhancing the means of meeting each ones demand for his "own—and with usury."

If it be thought that Canada can never retain any specie in circulation, so long as it is at its intrinsic value, and the balance of trade tend in favor of England or the United States,—I would ask, how is it, that the flourishing kingdom of Scotland, with a balance said to be generally in favor of England, and with comparatively less fruitful sources for driving a strong foreign trade, and meeting its engagements than Canada, has a sound Metallic Currency? Or, if it do not constantly possess in circulation that amount which, according to the ideas of some, is to be considered as the safe limit,—how are great and sudden financial convulsions warded off? Depend upon it, a country cannot long trade against itself, or be getting poorer, (I do not mean *contracting debts*, for that is not always an indication of poverty; it is often the fruit of prosperity, a profitable employment of the capital of others,) without coming to a stand, or for a time, consuming less, and producing more. Trade, of course, must fluctuate greatly; but the engagements arising out of it will, in the end, be pretty nearly adjusted; and gold and silver will be found, so long as they are paid and received at their real value, to be alternately flowing into, and out of a country without any loss upon *them* to either party. I shall take up this course of reasoning in more pointed detail, as relating to Canada, at a subsequent page.

If it be thought necessary, in order to facilitate the domestic transactions, that a local value should be affixed to coin beyond the intrinsic worth, for the purpose of confining it in

the country; it is, surely, a good reason why means should be devised for providing some temporary substitute, to avoid this direct tax or cost of keeping the coin at home, when it could be employed for a season abroad, so as to return with profit. The best means, as seen in Scotland, hitherto adopted for this end, are the erection of large well governed banking institutions, and the creation of a sound paper money, expressly to supply the occasional absence of the coin, as well as at all times to encrease the volume of the currency, adequately with the power of the public to employ such addition profitably.

It is allowed, by the best modern writers on paper credit, that the Bank Paper System enables a large portion of the money, required for the business of the country, to be fabricated of the least valuable materials, or of paper instead of gold or silver. That besides being cheaper, a paper currency is incomparably more commodious than a metallic one; and that the destruction or loss of a bank note, though no doubt a personal calamity, yet cannot be a public injury, since the loss to the holder, is an equivalent gain to the issuer—whereas the loss of coin is a positive abstraction of so much from the national wealth. Now these are great and certain advantages, incident to a judicious use of paper money; but surely a country cannot be said to appreciate or possess them, when coin (to save the expense of which, in local circulation, the bank note system was invented) is made a *compulsory* medium for transacting business; for it must be admitted, that to whatever extent a fictitious value is given to it in domestic use, in so far is it a compulsory medium. The country, under such circumstances, would be compelled to employ at home a larger amount of the more expensive medium, than there would be occasion to do, or else lock it up as too dear to exchange for other commodities abroad. Thus it may be seen that paper money, by adding to the quantity of the currency,

as well as taking the place of the more expensive part of it, gold and silver, and by reducing the price of money, causes a new stimulus to be given to trade, besides reducing the cost of production, whereby the country is the sooner enabled to reverse the order of things, in regard to its foreign relations, and turn the scale in its favor—making specie to return, and with usury. Behold, then, the intimate connection between a sound Metallic Currency, and the trading prosperity of a country; and how a sound paper system may be made the powerful link between them.

I now endeavour to make a practical application of some of the foregoing opinions to Canada.

It is, I know, a common assertion, even of men of business, that the trade of the Colony is always too much against it to permit specie, unless debased here, to remain in the country. These good people, in the first instance, do not always distinguish between a “balance of trade” and a “balance of payments”—for it may very well be, that while the former appears against us, the latter may actually be in our favor. Some of the imports into Canada, yearly, are nothing more than the property of the Emigrants, and ought not, therefore, to be considered in the balance of trade. Again, a considerable portion of the foreign commodities are capitals loaned to individuals in that shape, and not to be repaid, probably, for years. This is quite a natural course with a wealthy country, that cannot more profitably use a part of its surplus money, towards a poorer one, but one that is not only industrious, but has the germs of riches in her soil.\* This portion, there-

\* Since writing the above, I have found the following passages in a report to Congress, from the Secretary to the Treasurer of the United States, dated 12th Dec. 1834. The writer is giving reasons for his opinion, that the exchanges will not be so much against the country, for some time to come, as to lead to any considerable export of specie:—

———“The sum to be paid abroad cannot much increase, unless our debt to be paid there, or the *foreign capital invested here*, has become larger, or the latter, has

fore, of the imports ought likewise to be deducted from the balance of trade—at least from that year's foreign debt. It is true, that this latter amount must be repaid some time; but then the employment of the capital, in the mean while, has been so productive to the debtor country, that a fund has been created, not only sufficient to repay the loan, with interest, but to leave, besides, a new capital.

Now, in the case of Canada, she may be importing more largely than she exports, and be running year after year in debt to England; but it does not, therefore, follow, that each year's "balance of payments" is against her, or that she is getting poorer. The balance of payments could not be yearly against her, and she could not be getting every year more impoverished, without coming very soon to a stand. She would speedily be in the situation of the indolent and luxurious spendthrift—her coffers exhausted—energies decayed, and credit lost. I shall endeavour to enforce what I have said in reference to the balance of payments not being yearly against Canada, and that, consequently, there would not exist a continuous drain of the precious metals, by exhibiting the state of the exchange with England over a period of sixteen years.

It has been noted, that the par of exchange, between England and her American Colonies, was fixed at 4s. 6d. sterling, for the dollar, or equal to 5s. currency, when the Spanish dollar, or piece of eight, was actually worth 4s. 6d. mint price. Further, that "the Spanish dollar" (the one now generally seen, and so called,) has since been reduced alike in weight and fineness, and is now, at the market price of 5s. per oz. only equivalent to 4s. 2½d. sterling, thereby making our real par of exchange nearly 8 per cent. premium over our present

become more likely to be withdrawn," ——— "the means to meet the foreign demands, are believed to be much enlarged by a rapidly extending cultivation of our new and fertile soil, and a consequent production of a greater surplus for exportation."

These extracts amply corroborate the position I have assumed in the text.

nominal par. With this explanation, let us now observe the average rates\* of bills on England, in this market, in each year, from 1821 to 1836, both inclusive.

1821 . . .	$7\frac{3}{4}$	per cent.	premium.
1822 . . .	12	”	”
1823 . . .	$6\frac{3}{4}$	”	”
1824 . . .	$9\frac{3}{4}$	”	”
1825 . . .	$8\frac{1}{4}$	”	”
1826 . . .	$8\frac{3}{4}$	”	”
1827 . . .	$10\frac{1}{2}$	”	”
1828 . . .	$10\frac{1}{4}$	”	”
1829 . . .	$9\frac{1}{2}$	”	”
1830 . . .	8	”	”
1831 . . .	$9\frac{1}{2}$	”	”
1832 . . .	11	”	”
1833 . . .	10	”	”
1834 . . .	6	”	”
1835 . . .	10	”	”
1836 . . .	$10\frac{1}{2}$	”	”

About  $9\frac{1}{2}$  per cent. premium over our nominal par, for the whole period of 16 years.

This would, *apparently*, shew an adverse state of trade, and a balance of payments against us; and I admit it would be a true index of the reality, were the country in possession of a sound Metallic Currency. It is, however, not a correct, though a *prima facie* criterion, since it is notorious that the bank rate here is usually from  $1\frac{1}{2}$  to 2 per cent.† above the New York market, where we could, at any time, with a sound currency, purchase our bills at a cost of little over  $\frac{1}{2}$  per cent. instead of the  $1\frac{1}{2}$  or 2 per cent. paid to the Banks. Deducting, therefore, this excess of 1 or  $1\frac{1}{2}$  per cent. paid on our remittances abroad, as a direct tax for the support of a debased

\* See Note, p. 18.

† See Note, p. 18.

local coin, from  $9\frac{1}{2}$  per cent., the average rate in Montreal since 1821, it will shew that our remittances would have been made, throughout the time, at about par, had the country a sound Metallic Medium; and will also exhibit the fact of their being an equality in our foreign dealings, at least in our payments. I think, therefore, I may affirm, that I have established the accuracy of my position, that "the balance of payments" is not, and could not be steadily against Canada, and that there need not, consequently, be any dread of a *continucus* drain of specie.

The English government, by not exacting any seignorage on the coinage of *gold*, (the sole standard of value,) has shewn its anxiety not to add to its value, by this cost, and so make it have a less value as an export, than as a local money. This ought to be a lesson to us in determining, whether the real exchangeable value, or a fictitious local value should be given to coin, intended to be used equally as a circulating medium at home, and as a foreign remittance. If confined to one purpose alone, it performs only half its office, and, it may be, the least valuable half.

I readily admit, that with regard to the *silver* coin of England, the government has raised *it* several per cent. above its market value; but then, it must be remembered, that such coin is merely used as a subsidiary coin, by way of change for the petty internal transactions of the country; that its issues are very limited, and that it is confined, as a legal tender, to payments not exceeding forty shillings at a time. It has very aptly been called "a bank note written on silver," (Comy. Gen. Routh) and government guarrantees its redemption, at its nominal value. To shew most clearly that the amount of silver coin cannot have any, or at least but very little effect on the volume of the Metallic Currency in England, I may state, that from a return furnished by the mint to the Imperial Parliament, it appears, that while from 1790

to 1833, £74,812,912 in gold coin were issued, only £9,294,760 in silver coin were sent from the mint during the same period. As a deduction from these premises, it might be worthy of consideration, in how far it would be of service to the internal business of the country, to confine a small coin, as change, in our circulation, by rating it above its real value, under such directions as would keep it very limited in amount, and only to be a legal tender for say not over £5. Should this course be adopted, and a coin be struck expressly for the purpose, I would then suggest that the depreciation of the coin be rather in its weight, than in its purity, as there would be the less temptation left to counterfeit it.

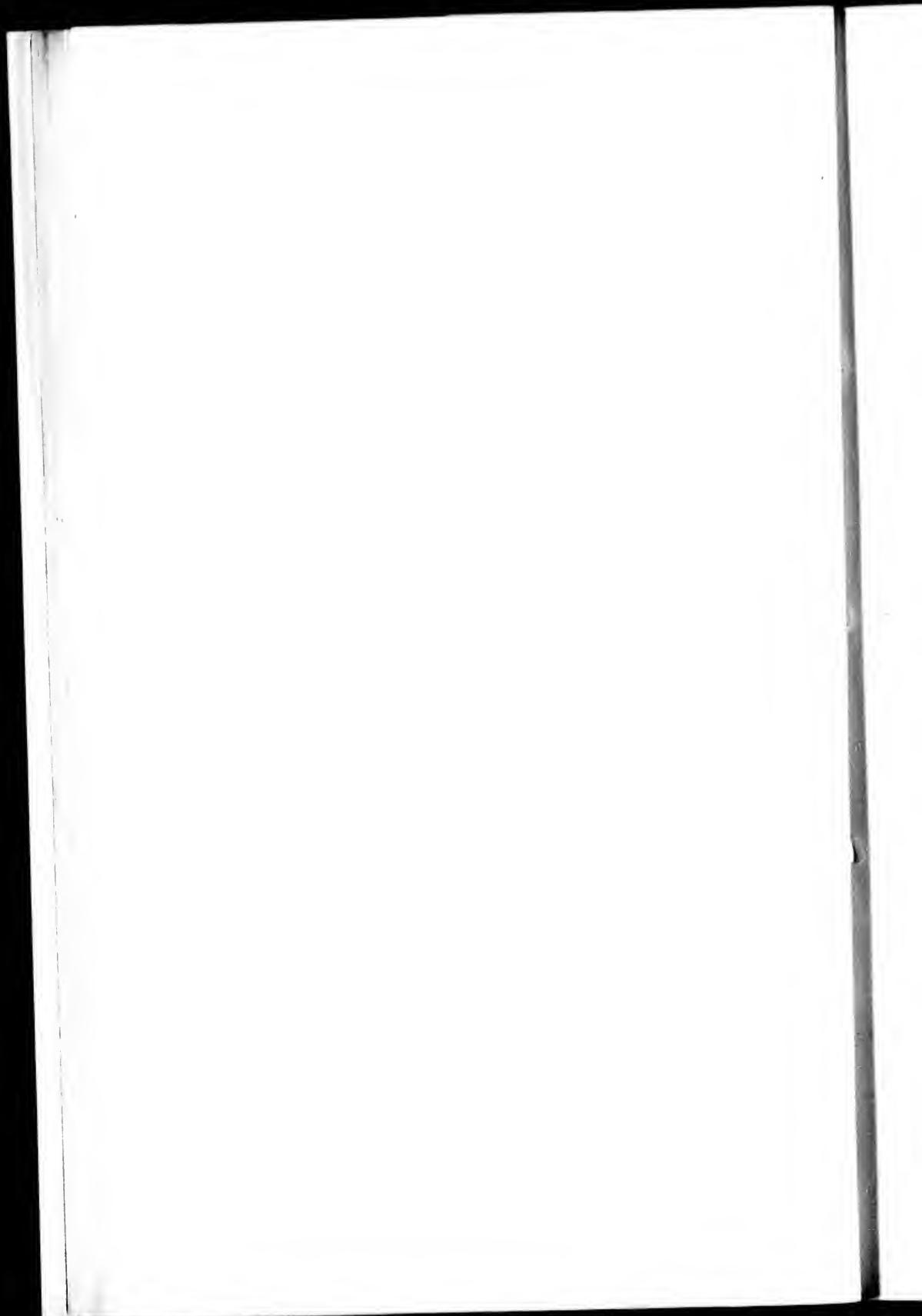
Previously to 1816, the *exportation of coin* was expressly forbidden in England, under very severe penalties,—a drain of the specie being considered a most ominous event, and likely to paralyze trade, and impoverish the country. The subject, however, had begun to be seen in a more enlightened view, and in the above year, all restrictions, even entrance of the custom house, on the free exportation and importation of coin, were swept away;—it being justly considered, that the best way to ensure a steady supply of the precious metals, in coin, or in bar, was to leave the trade in them free, and encourage the domestic industry, which could be effected through the means of paper money, and at a cheaper rate, than by unnecessarily keeping large supplies of *l'argent dure* at home. But this enlightened policy of the British government, would have been, partially at least, unproductive of good, had the value of the gold coin been so high at home, as to operate as an embargo on its going abroad. The “observations, in Table No. V. in the Appendix, will exhibit the large amounts that have occasionally been used to discharge foreign balances, or been employed abroad. Without the aid of such a par remittance, it may be easily conceived how great, to the English merchants, would have been the loss in

liquidating their foreign debts, and how much the outward trade would have been cramped. The table was originally published by the Bank of England, as an estimate of the gold coin in circulation; but it will also, in part, serve the purpose for which I have referred to it.

It may be thought 'passing strange' that I have not, as yet, stated what should be done with the French crowns and half-crowns; for it is certain, that if we want to introduce foreign coin here, and to continue it any time in circulation, this could never be effected, while the former remain at their present legal value. It is rather a difficult matter to arrange satisfactorily; but I would suggest, as the only feasible and just method, that they be called in, and redeemed by the local government, at their present value; the crowns, or such of them as are not much defaced, to be reissued at their intrinsic worth; but the half-crowns, the 'bare-faced rogues,' to be condemned to the crucible, and, if possible, that a small provincial coin, for 'change,' should be minted from them.

I may just allude to the wretched state of our Copper Coin, and refer to the Table No. II. in the Appendix, to shew how profitable a coinage of this description of money might be made to a provincial mint, if one were established in Canada; independently of the immense service that an issue of good copper coin would be to the public, to supply the place of brass buttons, and pieces of elipt copper.

The Legislature of Lower Canada, in 1830, had under consideration the propriety of assimilating the *money of account* here to that of England, and of filling up the channels of circulation wholly with British Money, and making it the only legal tender. I had intended offering, in this paper, some observations on these points, as also on the subject of a national or governing Bank; but I must defer these interesting matters to another occasion.



# APPENDIX.

## TABLE NO. 1.

EXHIBITING THE LONDON MARKET PRICES OF GOLD  
AND SILVER, IN BARS, PER OZ. STANDARD.

DATE.	GOLD.			SILVER.		
	£	s.	d.	£	s.	d.
1820, February, . . . .	3	17	10½		5	1½
August, . . . .	3	17	10½		5	0
1821, February, . . . .	3	17	10½		4	11½
August, . . . .	3	17	10½		4	11
1822, February, . . . .	3	17	10½		4	11
August, . . . .	3	17	6		4	11¼
1823, February, . . . .	3	17	6		4	11¼
August, . . . .	3	17	6		4	11
1824, February, . . . .	3	17	6		4	11½
August, . . . .	3	17	6		4	10
1825, February, . . . .	3	17	9		5	0¾
August, . . . .	3	17	10½		5	1
1826, February, . . . .	3	17	6		5	1
August, . . . .	3	17	6		4	10¾
1827, February, . . . .	3	17	6		4	11½
August, . . . .	3	17	6		no price	
1828, February, . . . .	3	17	6		"	
August, . . . .	3	17	6		"	
1829, February, . . . .	3	17	10½		4	11¾
August, . . . .	3	17	9		4	11½
1830, February, . . . .	3	17	9		no price	
August, . . . .	3	17	10½		4	11¾
1831, February, . . . .	3	17	10½		no price	
August, . . . .	3	17	10½		5	0
1832, February, . . . .	3	17	9		4	11¼
August, . . . .	3	17	9		4	10¾
1833, February, . . . .	3	17	9		4	10¾
August, . . . .	3	17	10½		4	11¾

TABLE NO. II.

Being an account of Gold and Silver Bullion and of Copper received, and of various Moneys Coined at his Majesty's Mint, 1831 to 1834.

	QUANTITIES RECEIVED.					PRICE PER OUNCE
	1831.	1832.	1833.	1834.	1831 to 1834.	
Gold Bullion received, viz:						
From Bank of England,	lbs. oz. dwt. gr.		} £3 17 10½			
From Bank of England, Individuals & Banks of Ireland,.....	13,672 1 11 5	76,072 3 1 12	25,227 11 14 3	1,445 2 5 7		
Amount coined, viz:						
Sovereigns,.....	12,563 4 17 20	79,815 0 0	26,223 0 0	1,432 10 2 12		} 1831 at 5s 1833 " 4 11½ and 5s 0 d 1834 the bullion 5s 0½d. and the six-pences 5s 6d.
Half do .....	— — — —	— — — —	2,378 0 10 0	133,335 5 3 0		
Silver Bullion purch'd. viz						
Worn Sixpences withdrawn from circulation by Bank of Eng.,.....	10,132 11 19 0	— — — —	2,375 11 13 0	5,092 7 10 0		} 5s 6d
Amount coined, viz:						
Crowns,.....	— — — —	— — — —	— — — —	37,620 0 0 0		} 1831, at £81 18 ¾ ton deduct. discn 1833 98 1834 88
Half-Crowns, .....	— — — —	— — — —	— — — —	18,810 0 0 0		
Shillings,.....	— — — —	— — — —	— — — —	44,640 0 0 0		
Sixpences,.....	10,132 11 19 0	— — — —	— — — —	44 0 0 0		
Munday Money,.....	38 0 0 0	44 0 0 0	44 0 0 0	44 0 0 0		
Correns: Metal purchased	tons. cwt. qrs. lbs.					
	31 7 0 27¼	— — — —	10 0 2 22	— — — —		
Amount coined, viz:						
Pennies,.....	15 0 0 0	1 0 0 0	— — — —	3 0 0 0		} At £224 per Ton.
Halfpennies, .....	5 10 0 0	1 0 0 0	— — — —	2 0 0 0		
Farthings,.....	12 10 0 0	— — — —	— — — —	9 0 0 0		

## TABLE NO. III.

Result of experiments made in the London Mint,\* 23d July, 1833, on Wear of British Gold and Silver Coins of 1817, 1821, 1825 and 1829, shewing the percentage Loss by Circulation. Also a Statement of charge of Coinage.

Denomination of coin tried, and its date.				Rate per cent. of Loss.			Charge of Coinage per cent.		
				£	s.	d.	£	s.	d.
GOLD.	Sovereigns,	1817	0	8	10	0	14	3·749	
		1821	0	9	1				
		1825	0	6	8				
		1829	0	2	5½				
	Half do	1817	0	16	4	0	16	10·247	
		1821	0	13	10				
		1825	0	13	6¼				
		1829	0	6	2				
SILVER,	Half-Crowns	1817	2	7	7	2	4	9·87	
		1821	1	13	0				
		1825	0	16	11				
		1829	0	1	9				
	Shillings,	1817	4	19	0	2	16	9·818	
		1821	2	18	5				
		1825	2	1	6				
		1829	0	8	11				
	Sixpences,	1817	5	11	11	3	5	7·878	
		1821	4	1	5				
		1825	3	3	4				
		1829	1	8	7				

\* A Committee of the Senate of the United States, in 1830, reported as follows on the wear of their coin in fifty years of ordinary use:

“ The Eagle loses about . . . 1 per cent.  
 Half-Eagle do . . . 2 „  
 Quarter do do . . . 3 „  
 The Dollar do . . . 1 „  
 Half-Dollar do . . . 2 „  
 Quarter do do . . . 3½ „

TABLE NO. IV.

Exhibiting the comparative fluctuations in the circulation of the Bank of England and of the Bank of Montreal, from half-year to half-year.

DATE.	Bank of England. £	Rate of Increase per cent.	Rate of Decrease per cent.	DATE.	Bank of Montreal. £	Rate of Increase per cent.	Rate of Decrease per cent.
1825,—February,.....	21,060,130			1830,—February,.....	178,311		
August,.....	19,548,500		7.1	August,.....	213,822	19.9	
1826,—February,.....	24,953,040	+27.8		1831,—February,.....	223,538	4.3	
August,.....	21,338,010		14.3	August,.....	313,830	40.3	
1827,—February,.....	21,508,530	5		1832,—February,.....	270,942		13.6
August,.....	22,007,060	2.3		August,.....	292,364	7.9	
1828,—February,.....	22,174,780	3		1833,—February,.....	233,911		19.9
August,.....	21,817,280		1.6	August,.....	292,632	14.8	
1829,—February,.....	20,204,300		7.3	1834,—February,.....	177,551		33.9
August,.....	19,529,410		3.3	August,.....	223,916	26.1	
1830,—February,.....	20,468,030	4.8		1835,—February,.....	165,592		26.
August,.....	21,934,940	7.2		August,.....	262,132	58.3	
1831,—February,.....	19,650,830		10.4	1836,—February,.....	199,776		23.7
August,.....	18,465,310		6.	August,.....	211,228	5.7	

\* I have not the half-yearly returns since this year in my possession. † This great increase is to be attributed to the bubble schemes and wild speculations of 1825-26.  
 ‡ No returns were made prior to this year.

## TABLE NO. V.

Being an estimate of Gold Coin in circulation in Great Britain, Feb. 1833. The Observations attached thereto will shew what amounts were exported.

Issued by the Bank of England.		OBSERVATIONS.
From Jan. 1821 to June 1824, . . . . .	17,370,000	Exchanges favorable and Gold imported.
Augt. 1824 to Dec. 1825,	8,660,000	Exchanges unfavorable and Gold exported. About £2,500,000 issued to fill the place of the small country Notes discredited, leaving £6,000,000 exported, besides Bullion Sold.
Jan. 1826 to April 1828,	2,370,000	Exchanges favorable and Gold imported.
May 1828 to Feb. 1832,	9,600,000	Exchanges unfavorable from Nov 1828 to Feb. 1829, during which period the issue amounted to £1,500,000, of which £1,000,000 applied to withdrawal of Small Notes. From Aug. 1830 to Feb. 1832 Exchanges unfavorable, and the issue was £4,000,000, of which £1,000,000 drawn out in rejection of Reform Bill in November 1831, and £1,000,000 applied to fill the place of Small Notes, leaving £500,000 and £2,000,000 exported.
Off—Exported, 6,000,000		
500,000	38,000,000	
2,000,000	8,500,000	
	29,500,000	
15th Feb. 1831 to 15th Feb. 1833, . . . . .	1,800,000	Taken out during political discredit, May 1832, and not yet returned.
	31,300,000	
Deduct Stock of the Branch Banks which has been taken as part of the issues from the Bank in London, . . . . .	1,300,000	
Leaving this amount in the hands of the public, 15th Feb. 1832, . . . . .	30,000,000	N.B.—The Mint works entirely, or nearly so, for the Bank of England.

JAMES STARR & Co. Printers, Montreal.

