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THE PRINCIPLES

—OF—

MONEY

IN RELATION TO

A NATIONAL CURRENCY

A Clear Exposition of the Question,

BY

"FISCUS."

"No Country can be Prosperous Whilst Capitalists can Cause a Scarcity of Money."

PRICE, TEN CENTS.

LONDON, ONT.:
FREE PRESS PRINTING COMPANY, RICHMOND ST.

1880.

INTRODUCTION.

The present work on the functions of Money and a National Currency is addressed to the great toiling masses in Canada—the farmer, the merchant, the mechanic, the laborer.

The subject is of such scope, and comprises so many considerations regarding the welfare of the community at large, that it requires careful thought and revision to put such an important subject in so small a compass.

We have briefly shown that the value of money is purely *legal*, and does not rest in the natural powers of any metal.

The following principles are briefly laid down:

1. Money is a creation of the law.

2. Money performs four functions:
   a—It represents value.
   b—It measures value.
   c—It accumulates value.
   d—It exchanges value.

3. These functions and powers do not depend upon any material, such as gold or silver, of which money may be made—but upon its immaterial or legal power.

4. That for all the uses of money *paper* is the most convenient.

5. That the Government alone has the authority to issue money, and in sufficient quantities for the people.

6. That the present banks are upon a fictitious basis.

7. That the productive labor of the country is being robbed by high rates of interest.

8. That no country can be prosperous whilst capitalists can cause a scarcity of money.

"FISCUS."

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THE PRINCIPLES OF MONEY

IN RELATION TO

A NATIONAL CURRENCY.

CHAPTER I.

Money Defined—Different Metals Used—Money Stamped—Gold Fluctuates—Fanciful Value of Such—Government Should Issue a Legal Tender.

Money Defined.

The question of money, which is now agitating the people, is one of great importance, and one which should receive the careful consideration of all classes. Money is the motive power that keeps civilized society in motion, and upon which it depends for its very existence. It were well, then, to consider what money is in order that the reader may comprehend what a national currency or national money means. Money, in short, is a medium of exchange or trade, or an instrument of commerce, and may consist of anything. Many different commodities were successfully both thought of and employed for this purpose. In the rude ages of society cattle are said to have been the common instrument of commerce, and though they must have been a most inconvenient one, yet in old times we find things were frequently valued according to the number of cattle which had been given for them. Adam Smith gives instances of salt, shells, codfish, tobacco, sugar, hides, and even nails have respectively been used as common instruments of commerce. In the early settlements of the New England States a pound of yarn and a bushel of corn were used for standards of value, and nearly everybody has heard of leather sixpences. However, metals, by a kind of general consent, appear to have had the preference, as probably being more convenient as a medium.

Different Metals Used.

Different metals have been made use of by various nations. Iron was the common instrument of commerce amongst the Spartans, copper amongst the Romans, and gold and silver amongst others. Those metals at first appear to have been made use of in rude bars or chunks, by weight and size, and the value was a good deal a matter of guess work. The use of metals in this way was attended with a good deal of trouble and inconvenience, both in weighing and testing their purity and value by melting. Hence, no doubt, under this state of things people were liable to be cheated both in weight and the purity of the metal. Instead of getting a pound of pure silver or copper in exchange for their goods, they might get an amalgam or alloy of some cheap materials, which had the outside appearence of the genuine article. To prevent such abuses, to facilitate exchanges and to encouago industry and commerce, it was found necessary for the governments to stamp the various metals which were commonly make use of for the purchase of goods.

The Stamp.

This stamp was a guarantee on the part of the Government that such and such quantities of silver or copper were pure and of a certain weight, and thus doing, protect the subjects from frauds and impositions. The State reserved its sovereign right of making the people's money and by becoming responsible for it. The stamp was usually the image of a king or ruler, who was supposed to represent the nation, and hence coin money was nothing more than what the *image* made it, and was no money at all unless backed by such superscription. And this is sufficiently proven from the fact that different quantities of the same metal were stamped with the same value. And this part of the question is one which we wish to impress upon our readers, and one upon which really the whole argument of a national currency is based, and that is, money is a creature of a stamp or the law irrespective of any material innate or intrinsic value supposed to be contained in such. It is the Government stamp that makes money of value, no matter of what material it is made. In fact anything having a *commercial* should not have a *monetary* value; the two values do not agree—never have, never can. To illustrate this, we may say the nickel in twenty five-cent American pieces is less than nineteen cents, and the monetary value is one dollar. The monetary value of a silver dollar is one hundred cents, the commercial value ninety-two cents

Gold Fluctuates.

Nothing has fluctuated in the market during the last fifteen years like gold. In fact, history is only repeating itself with regard to these metals. As far back as the old Roman Republic their As, a copper coin, varied from one to twenty-four in value; so, likewise with the coin of other countries. The evidence of history shows that under our present system of money, gold and silver have always increased in a greater *ratio* than other commodities, and have constantly decreased in exchangeable value, or, to express the idea in other words, prices have constantly risen. It has been assumed from the time of Servius Tullius, who first coined money at Rome and made copper a legal tender, that metals are peculiarly adapted for use as money on account of their *intrinsic* value. They are not, however, a necessity, even in foreign trade; foreign debts can be paid without them—*and indeed must where they do not exist and the lack of them has never prevented it.*

Fanciful Value.

Their value is, therefore, to a great extent fanciful as well as exaggerated, and this is merely because they are current at a certain weight in all countries. Yet bills of exchange are much more convenient in all cases, and equally efficient. The fact is, that a country receiving gold in satisfaction of debts is not benefited; it only, like a bill of exchange, enables the receiver to take his profit and compensation from his own country. It may be remarked here that gold was not considered as a legal tender for a long time after it was coined into money. If a debtor offered payment in gold the creditor might either reject such payment altogether, or accept of it at such a valuation of gold as he and his debtor could agree upon. Indeed, this intrinsic value of gold is a delusion, and we might say further, "*intrinsic value*," strictly speaking, is an absurdity. Take the monetary value from gold and silver, and they are no more valuable than so much tin or brass.

Governments Should Issue a Legal Tender.

From these facts it appears all governments ought to issue their own legal tender paper money, the quantity to be limited by an Act of Parliament, and kept steadily at the same rate of increase as that of wealth and population. There should be no inflation, as it should be recollected the *value* of a currency, of whatever composed, can only be kept intact by limiting its quantity. The production of the precious metals would soon cease were there circulation as money confined to the producing countries, or if they were sold by the ounce, as wheat is by the bushel. It would soon become more profitable to go to plowing and sowing than to digging for gold. Miners have never been able to take out, on an average more than *seventy cents* in gold per day. But the constant exportation of the metals disguises the fact of their constant depreciation, and prevents the people from seeing the drain upon their resources by the production of a commodity for which they get no return. It is therefore the greatest folly, as well as an injustice to the community, for a government to allow private individuals or companies to tax the general public by *coining* or issuing money. We have thus mapped out the general outlines of the leading features of money and a national currency. We may add here the scheme proposed in a resolution in the County Council of Middlesex, by one of the members, to the effect that the proposed currency shall be receiveable for all debts *except custom and excise dues*, would be a most vicious proceeding on the part of the Government and would end in simply handicapping their own issue and making it subservient to gold.

The following functions of money will be discussed in subsequent chapters :—

a—Money as a representative of value.
b—Money as exchanging value.
c—Money as a measure of value.
d—Money as accumulating value,

with their general application to a national currency.

CHAPTER II.

Money Represents Value—Legal and Actual Value—Money a Representative of Property—Money not Property—Money a Legal Existence—The Use of Gold—The Worth of Money not in the Material.

Money Represents Value.

We spoke of money as having four functions, properties or powers. The first of these was the power of money to *represent value.* Now, *value* is a hard word to deal with, and needs some definition. Adam Smith gives two different meanings—"value in use" and "value in exchange," and shows where an article may have great value in use and none in exchange, and *vice versa*, an article may have great value in exchange, and none in use—as for instance, water and a diamond. Although this definition is partially correct, we shall substitute *actual* value and *legal* value, as being better terms to elucidate this money question. *Actual value* belongs to material, or anything that materially affords food, clothing, shelter, or which can be used to supply some wants of man.

Legal value, on the contrary, only *represents actual value, or capital*, and its existence depends upon actual value. It is, however, with legal value that we have to deal, and this legal value is money; and it should be distinctly understood the laws of nations have established money as the standard of value. These laws are principles, and not material substances. The power of money is immaterial, and it is its legal authority and not its material substance that fixes its value and power. To get a clear idea of what money really is, the reader must look at it as an abstract unit of value, with no substance, material, form or parts. We know when the word *dollar*, *pound* or *franc* is mentioned the mind naturally associates with it some material representative, such as pieces of silver, paper or copper. But these substances have nothing to do with the power of any one of them—this is reserved for the law.

Money a Legal Representative of Property.

Money, is a legal representative of property—not the property itself—and performs only the functions of an agent by which exchanges of property and products are made. Money, in order to effect these exchanges, must be endowed with a legal power to represent actual value; for money in itself has no intrinsic property that makes it equivalent to products or labor any more than a member of Parliament possesses all the wisdom and abilities of his constituents.

Money not Property.

We cannot use money as property, and if we wish to use actual property we must obtain it by giving the legal representative money in exchange for it. A further analogy may be drawn in showing the representative character of money:—A member of Parliament has the sole authority to act there, and the people whom he represents have no power to control his actions, nor can they be heard in place of him. They have no power or voice in making the laws, and can only be heard through their representative; but the laws which he helps to enact have a binding force, not only on his own constituents, but also on all others. The same with money; when it is made a representative of value it controls and determines the value of labor and property, while these have no power to control and regulate the value of money. Money is the only legal tender for debts and all property and labor are powerless to discharge them, as the constituents of a representative are to act in Parliament after they have delegated their power to their member.

Money is only a creation of the law—not wealth itself, but only a representation of such—hence a measure of value with only one power, namely—to pay a debt. It is an erroneous idea to suppose, as many people do, that money has a price, having power, when it has not. For instance, the pen with which the present word is written, you wish to purchase, but if you offered all the money in the world for it you could not purchase it; for the power of money comes in when we have sold you the pen, for say ten cents. But if we refuse all the money in the world cannot change the possession from one party to another. Well, the money that is made legal tender, no matter of what material, must be taken as nothing until an agreement of exchange is made between two parties.

Illustration.

We may give further illustrations of this representative or delegated power of money: A farmer gives his note for a hundred dollars on a small piece of paper; previous to drawing the note the paper had a small amount of actual value, but was not a legal representative of other property; for, as paper only, its worth depended upon some inherent properties—and we all know what the value of the paper upon which a note is drawn is worth. But when the note is signed the paper becomes a representative, and has a delegated power of one hundred dollars' worth of the property of the drawer. The mere drawing of the note does not add anything to the actual worth of the paper; its value in holding the property is legal, and superadded to its inherent qualities. The same value might be delegated to a plate of steel or gold. The paper material of a note, good for a hundred dollars, is not worth an ounce of beef, yet it has a power which makes it exchangeable for two thousand pounds.

The Owner of Property Represents the Value.

Again, for instance, the owner of property represents the value in his own person, according to law; and hence we say, a man is worth so and so much, but by a simple power of attorney he can give to another the entire control of his property during his lifetime. The person who receives the power may not be worth a cent, but the power of attorney may make him the representative of millions of dollars' worth of property. The paper again that secures him the control of the property has no more inherent value after the writing of the document than it had before; it is merely made to *represent* the property and control its use. The *actual* value which the paper represents exists in the property, and without the property, it is needless to say, the paper would be worthless. The power of attorney, of course, is confined to an individual; but, if instead of making the power to a single person, it were made to bearer, who ever held the paper would have power over the property controlled by it. The negotiable power of money is inseparable from it; otherwise it would not be money. And hence, like a power of attorney, the holder of money has power and control over a certain amount of property for sale, and can appropriate it to himself.

Money a Legal Existence.

Money, consequently, is a legal existence, being constituted a national representation of property; it is therefore a public lien on all property for sale in the country; a public medium for the exchange of products, and a tender in payment of debts. As we mentioned previously, it has been assumed that the precious metals are peculiarly adapted to the use of money, or, in other words, that the value of money depends upon the material of which it is made. The value of money perpetually depends upon its power to represent value, and not upon the material, whether gold, silver, or copper; and this is plain enough, because money never reaches a point at which it can be used as an article of actual value. If the gold or silver material of money be used for any other purpose than to represent value and exchange property it at once ceases to be money, and becomes a commodity. But the inherent properties of all articles of actual value are then only valuable properties. They can acquire no other value, only by law.

The Use of Gold.

The sole value of gold and silver coins, when not used as money, consists in the worth of their materials for silver spoons, ornaments, &c., and are a very small part of our actual wealth, and are not necessary to human existence. The metals cease to be money as the power of one of our representatives ceases when the term for which he was elected expires. He may be re-elected and receive his former power, and gold may may be received by the Government, and thus be endowed with its former power as money. So if the paper of a bond or note be destroyed, its value ceases; but it may be re-made into paper, and by the requisite writings receive its former value. The fact is, the law makes the power in both cases.

The Worth of Money not in the Material.

Let us further illustrate that the worth of money to exchange property does not reside in its material, but in its *legal* power to represent value. Take a farmer who hires A and B to work for him at $10 a month apiece. At the end of the month he pays A a couple of sovereigns, gold and B a $10 bill on one of our banks. A is now the actual owner of the gold, and B the actual owner of the paper in the bank note. B can buy on the market just as many necessaries of life with his paper money as A can with his gold. A gave no more labor for the gold money than B for the paper money, and can buy no more products with gold than B can with paper. If there be any intrinsic value in gold money which does not exist in paper money A when he parts with his gold money loses all the difference between the intrinsic value of the gold money, and the intrinsic value of the paper money. But all the difference in the intrinsic value of gold and paper disappears when both are used as money; consequently it is evident that it is immaterial power, that it is legal authority over all other things, and not any actual, material intrinsic, innate or any other value of its substance that establishes the market value of money, and this was the proposition laid down in the commencement. A yard of cloth measured with a gold yard stick is neither longer nor shorter than if measured with a wooden one; and property purchased with gold or silver money is neither more nor less valuable than if bought with paper money. Hence it is not only the proper function of a Government to issue a sufficient representative of value, but it is an absolute duty they owe to the property-holders of the country; and a national paper currency has all the powers, properties and functions required by money.

Money Exchanges Property.

One of the great objects of money is to facilitate the exchange of commodities; and this it could never do unless it were possessed of as much *legal* value as the thing for which it is exchanged possesses actual value.

Making a Gold Dollar

An equivalent, or tender, in payment for a debt contracted by the purchase of a bushel of wheat, does not make the dollar possess the nutritious qualities of the wheat more than giving a note upon the purchase of a hundred bushels of barley makes the note of as great actual value as the barley. The value of the note depends upon its power to exchange itself for the property of the drawer, and not on the paper upon which the note is drawn. But the value of the corn depends upon its nutritious qualities and not upon any power to exchange itself for the property of the person who raised or sold it. The note must be exchanged for property to become useful to its owner; money must be exchanged for property to become useful.

This then is the distinction between articles of actual value and the medium of exchange. The former are designed to be actually used or consumed; the latter is designed to be continually exchanged for articles for actual use and consumption. Hence,

Money is not Merchandise,

for if its material be used as a commodity—if coins be converted into match cases and ornaments the owner must keep them to make them useful; consequently debts could not be discharged nor purchases made by any material power of money, and to make match-cases and gold-rings have *exchangeable* or legal power they must receive the Government stamp.

CHAPTER III.

Money Measures Value—How the Gold Balance has been Adjusted—Money is the Public Measure of Value—The Proper Material for Money.

Money Measures Value.

Money, in Chapter II, was said to *represent* value, and the representation was shown to be irrespective of any material money might be made of. Money *measures* value the same as yard sticks, quart pots, and pound weights measure length, bulk and weight. And all these are necessarily indefinite without a standard. We cannot measure the distance of a planet, the circumference of the earth, or the breadth of a hair, the capacity of Lake Erie or a nutshell, or the weight of the whole earth or a feather, unless reference is made to a *fixed standard.* The length of a yard-stick measures and determines a before undefined length of cloth; the size of the bushel measures and defines an unlimited quantity of peas or wheat, and a pound weight settles the quantity of tobacco or tea. The cloth does not define the length of the yard-stick, nor the grain the size of the bushel, nor the tea the pound weight. Hence a *dollar* measures and determines and fixes the value of a previously undefined value of land, labor or products. In fact the length of the yard-stick, &c, and the value of the money were previously determined by the *laws* which made them and gave them power to measure length and value. Long measure, square measure, avoirdupois weight and Troy weight, Imperial gallon, Winchester gallon, are invariably fixed by national laws, and every variation from their legal standard is considered a fraud upon the public. If the yard be variable, the measure of length will commit frauds and purchasers will get short measure, and if its value be fluctuating, the measure of value will commit frauds whenever it is used to measure the value of labor or property. It is consequently, absolutely necessary that there be a uniform, unvarying standard or measure of value, the same as a measure of length, capacity and weight. To this end it has been presumed that the precious metals were best adapted to form this standard or yard-stick of value. This, however, is erroneous, as may easily be shown by those who have adopted such a standard, and who have supposed, where the gold balance was the only place where a true measure of property and debts could be relied on. The fallacy of this theory, however, is the assumption that gold will for any length of time remain unchangeable; but, as we showed in the first chapter, the evidence of history shows that under this system of money gold and silver have always increased in a greater ratio than other commodities, and therefore have constantly decreased in exchangeable value, or, in other words, they have never kept at one value, and are consequently an unsafe measure of value.

How the Gold Balance Has been Adjusted.

But to disguise this fact of the mutability of gold, and secure it as an *unchangeable* standard, the rate of discount has been *changed* from time to time in the banks. The Bank of England, for instance, to keep this gold balance of hers adjusted, altered her rate of discount *fifty-six* times, raising from two to ten per cent. from the date of the Bank act, 1844 to 1858. Again, between April, 1857, and January, 1858, she made eleven changes in her rate of discount, and in the same year, in five weeks, she changed her rate of interest five times. The idea was given out that the bank was compelled to raise the interest in order to be able to pay specie for her obligations, but this only shows that gold was not the regulator of the currency of England, but the price paid for money at the bank; or rather that the gold measure or yardstick varied in length has her vaults were full or empty of specie. Money measures its own amount of value of active property as often as it passes from one individual to another, whether it be a dollar bill or a dollar in gold, just as a yardstick measures its own length as often as it passes over the cloth. Consequently a given sum of money measures in a given time more or less property according to the frequency of its transfer. In one morning a dollar bill passing through several hands, may be laid out for clothing, different articles of food, be turned in to pay a debt; be loaned on a mortage, and then buy a dozen articles more, and the more measuring it does in this way the better. Every time it passes it measures the market value of the thing which it buys. And if there were no difference between measures of value and articles of value the same principle would apply to both. One yard of cloth rapidly measured would answer the place of two slowly measured, and a pound of food rapidly weighed would answer the purpose of two slowly weighed, &c., &c., &c. Consequently the value of money cannot consist in the amount or kind of the metal, such as gold or silver; or in any properties, intrinsic, material, innate, or anything else embodied therein; for in its rapid circulation it can be used neither for utensils or ornaments, and is only useful in its legal function to measure value.

Money is the Public Measure of Value.

The fixed value of the money balances the value of the commodity sold as a pound weight balances butter, tea and sugar in the grocer's scales or a yard measure in the dry-goods shop. The only difference, however, between these and measures of value —money—is, that the former remain stationary, their only functions being to determine the exact quantities of the commodities transferred. But the measure of value, money, passes into the possession of the seller, and he holds it as a representative in lieu of his commodity. And hence, articles of value are confounded with measures of value, such as gold, having a commercial value, being supposed to have a monetary or legal value. The Government reserves the right to fix the length of the yard, the specific gravity of the pound, the size of the bushel, and the value of the dollar, that they may be fitted for public use. Money is the public measure of value, and the Dominion Government is bound to make it just and uniform, that it may correctly measure the value of our different commodities. Whether this measure be of whatever material—it may be gold, silver, copper, leather or paper—its legal value is not affected. We have distinctly shown in previous propositions that the natural powers of any material do not make it money. Its powers and agency as money are delegated to it by law in addition to its natural capabilities.

The Proper Material for Money.

The notion that gold and silver are endowed by the Creator with some mysterious value and capabilities, which render them of greater importance than the ordinary products of labor is a pernicious and erroneous one. Legal enactments cannot alter the inherent properties of these metals, and make them valuable and worthless at the fiat of a Government any more than they can make leather or paper such. From this it would seem that for convenience the lightest material should be used, and one which had no use in the arts and sciences, or, in other words, one which had no commercial value, for, as we have shown before, it must be regulated by supply and demand, and consequently fluctuate as a standard and measure of value.

The common opinion that the material of a currency must be something scarce and difficult to procure, that the limited amount may render it permanently valuable, is a fallacy, and arises from the misconception of supposing money to be dependent upon the material to represent and measure value. These are legal powers.

Again, it is argued that a dollar derives its value from the labor required to mine and coin gold and silver, of which it is composed. They say that if a day's labor be required to mine the silver for a dollar, and a day's labor be required to raise a bushel of wheat the gold and the wheat are of equal worth, and that legal acts of the government cannot alter the value of either. But if the equal amount of labor expended make the dollar and the wheat at equal value, why will this dollar at certain periods buy two or three times more wheat or more labor than it will at other periods? Why does not the value of labor and of wheat increase equally with the value of the dollar? Or why will not the dollar of gold *measure* as it should do always equal values?

CHAPTER IV.

Demand and Supply do not Give Value to Money—The U. S. Greenback—Increasing the Currency by a Legal Tender—Increasing our Present Bank Issue—A Circulating Medium Settles Down.

Demand and Supply do not Give Value to Money.

In the last chapter money was shown to be a measure of value, and to perform similar offices to weights, measures and yardsticks, &c. But it may be objected that the analogy is faulty, and would not hold good in its application to money, as, no matter how you increase the number of yardsticks, it would not affect the length of the yard—36 inches, or 108 barley corns,—but if the gold or paper measure (a dollar) was increased indefinitely their measuring power would be decreased, or that the dollar would fluctuate according to supply or demand. But this is a fallacy, for, as the barley corn, the unit of English measure of length, is the standard by which all distances are measured, so should the unit of the currency be the standard of all values. The latter should be fixed and unalterable as the former. Now what farmer would not laugh if he were told that the distance between London and Hyde Park had increased or diminished according to the plenty or scarcity of a crop of barley corns.

Demand and supply are supposed to give value to money, but it would be as reasonable to assert that demand and supply fix the length of the yard, the weight of the pound, or the size of the bushel, as that demand and supply regulate the value of money. One is a legal instrument to determine value, *its own value being fixed by law*; the others are legal instruments to determine length, weight and quantity, *their own length, weight and size being fixed by law.* If there was not a single yard stick in the world at the present time the distances would still be the same, and if there was not a single dollar in the world the value would yet be the same, and the world just as rich in actual wealth. But grave bankers and financiers will tell us that the values of the whole property of a nation of many billions is inflated on adding a few millions of currency, each unit of which is exactly of the same value or legal measure as that of the currency to which it is added.

The U. S. Greenback.

It has been supposed that the depreciated greenback of the United States furnishes proof that increasing the volume of a currency causes a consequent rise in prices and a derangement of values. But this will not hold good, from the fact that the greenback was never made a standard unit by which the values of all transactions should be measured. When greenbacks were made fundable into a five-twenty bond, the interest was made payable in gold, and the major portion of the taxes were pledged to be collected in gold to meet the interest. The U. S. government, consequently, refused to receive its own legal-tender in payment of the largest parts of its demands on its own people. In other words at the suggestion of the banker, the Government repudiated its own notes, in order that if he invested in its bonds he should be paid his interest at six per cent. in gold, although the effect of such repudiation was that the legal-tender notes were depreciated more than fifty per cent. In fact, gold was the legal yard stick of value, and not the greenback. Now, on the contrary, supposing the U. S. Government had increased its volume of money with a gold and silver currency to the same extent as it did with the paper money, would similar results of rise of prices, depreciation of currency and derangement of value have followed? And this is the only tenable position that can be held by those who claim that an increase of a *standard* measure such as a gold dollar, or a legal tender note of the standard, will depreciate according to supply and demand. If this be true, the increase of the currency by our Government would only be to delude the people by adding to the weight and robbing the bushel. But a standard national currency made legally equal to gold would have no such effect.

Increasing the Volume of the Currency by a Legal Tender Would not Derange Values.

That increasing the volume of the currency does not produce great rise in prices and derange values may be shown from the great influx of gold in the United States from 1846, after the discovery of it in California. The increase of the currency, in gold, from this date, to 1850, was greater per annum than from 1861, when the volume was increased by greenbanks, yet without any marked effect. Neither would a national legal tender, by increasing our volume of money, depreciate, inflate or cause a rise in prices; or in other words it would continue an unvarying measure, and for this reason:—The government, for instance, on one side is the giver of sound credit, represented by its paper; the validity and redeeming basis of this paper is in the fact that the community is indebted to the Government, in the shape of taxes, for so much service and material as may be necessary to carry on its proper functions and pay its officers for services rendered to the public. This creates an obligation on the part of the public to receive Government paper for value received. Thus the circulation is complete. As the creditors of an individual, or of a bank, receive its paper and pass it to debtors, who in turn pay their bebts to the bank with its own paper, so the Government puts out its paper for service and labor, and redeems its notes by the taxes due. [In the second chapter we mentioned that money was simply a public lien on all property for sale in the nation.] This is the legal tender and currency Canàda needs, and which is as undoubted a representative for value received as gold or silver. Regulated in volume by the amount of taxation which the people are willing to bear in order to support Government—for not a dollar can be issued except for value received, and under the watchful guard of the whole machinery of Government—where, then, is the danger of inflation, except in case of war, or the Government being wrested from the hands of the people—neither of which are worth taking into consideration in this argument.

Increasing our Present Bank Issue Would Inflate.

But, on the other hand, our bank paper is sure, sooner or later, to be inflated as its volume increases, and why? For, if it is to be redeemed by specie, the paper cannot be kept within the limits of redemption, and satisfy at the same time the demand for credit. If a part of it becomes irredeemable the whole of it becomes irredeemable at a blow. If the paper merely represents credit, it is the real capital and claims or assets of the bank that must support its credit. The tendency of this is that bank circulation gets in advance of its real capital or assets, because the assets are sure to fall greatly in the market if they are brought quickly forward to pay its debts, as is the case in times of panic.

The sudden curtailments of the loans from time to time can alone keep up a system of banks, and this is sure to bring on ruin and panic in business. Not so with a national currency regulated solely by government taxes and dues. It must be comparatively as steady and unfluctuating as the taxes—a standard measure of value—and hence the general credits based on such a national currency cannot fluctuate enough to produce great inflations and the consequent reactions and panics in business.

This paper currency would be accepted by the Government for all taxes and dues, and everybody would be compelled to accept it in payment of all debts, and, finally, the Government would redeem them by giving equivalent value — a Government bond, bearing intereet—thus distributing burdens and benefits all over the country. Although this bond may be said to be only giving one promise to pay for another, and thus compelling individuals to accept one token of debt for another, and that the public debt, according to these, would never be paid, yet it should be recollected that circulation always signifies growth, and ministers to it.

A Circulating Medium Settles Down.

Parts of every circulating medium settle down to something solid which makes a part of the organism, and keeps up its value and adds to its growth. The circulating medium of money settles down at last into something solid in interest and property, under the same law of conversion that makes a drop of blood contribute to form bone and muscle. For instance, London has recently constructed water-works for the accommodation of its present and future inhabitants. It is demonstrable that these water-works will pay not only the interest, but the principal of all the money invested, in a few years. The city issues its debentures for this work, which represent a certain amount of interest and principal. But the city not having the right to issue money offers its bonds for sale to the banks, or to private individuals, which are henceforth alienated from the possession of the city, in order to get money to pay for labor and material in the public work.

It might be asked why should not the city of London keep their debentures and issue money for current expenses, on its own authority and credit; the answer is, because the power is too local and limited—though it is no more than is virtually conceded to the local banks in London. Let the Government, then, in its sovereignty, make such a currency, so based and secured, a legal tender—a measure of value. Then, when this work is done and begins to pay the city rents and water rates, let the income be applied to the extinguishment of the bonds, as well as keeping the works in repair. This is settling down a circulating medium or currency *into a solid material*, and capital organized into permanent use. This makes a circulating medium always expanding and contracting into a solid form, and hence there is no danger of inflation and expansion as long as it is making permanent improvements.

The true design and highest function of currency and credit are to encourage and stimulate industry and enterprise in useful forms, and to promote the work by giving the very tools by which it can be done. It represents the material value of the products of labor in prices, and not yet complete, for which it provides merely the current wages or support till the fruit of the labor comes to maturity, when that pays for all. To make this Canada of ours prosperous we must expand our currency, based on the credit of the country, and made equal in exchangeable value to gold and silver of a certain standard, and thus being a uniform measure of value.

CHAPTER V.

The Value of Money Consists in its Power to Accumulate—The Rent of Money and Property Compared—The Government Should fix the Value of Money—The Present Rate of Interest too High for Production — Nine Years to Double Money at Eight Per Cent.

The Value of Money Consists in its Power to Accumulate.

In the last chapter we asserted that money as a measure of value did not depend upon supply and demand, as was commonly thought; and, if so, in what then does the value of money consist? Money is valuable in proportion to its power to accumulate value by interest. A dollar that can be loaned for 12 per cent. interest is worth twice as much as one that can only be loaned for 6 per cent.—just as railway stock, loan society stock, which will annually bring in 12 per cent., is worth twice as much as those that annually bring in 6 per cent. The value of money as much depends upon the legal power to be loaned for an income as the value of a farm depends upon its natural power to produce. If the assignats of France—which are often brought forward by the opponents of the National Currency to show that a paper currency, based upon the real estate of the country, will depreciate—had been made a representative of property and capable of being always loaned for a good and uniform income, they would have been as permanently valuable as a mortgage in perpetuity on a farm, which would yearly collect from the farmer a certain quantity of products as interest or income.

The value of a horse depends upon his ability to perform useful labor for his owner, and the value of money depends upon its capability to earn for its owner by being loaned on real estate. Take twenty mortgages, for ten years, on twenty different farms. Suppose each of these farms rent for sixty dollars a year, just the interest on each of the mortgages. It would take the whole produce on each farm to pay the interest on each mortgage. The twenty mortgages would take the rent of, or produce of, the twenty farms for ten years. In one month one thousand dollars could be easily loaned so as to take the entire income of twenty farms for ten years. Consequently, each time the money was lent, it would accumulate an income, which would be as valuable to its owner as a farm of equal value leased for the same period, for the income of the money would annually purchase the whole yearly produce of the farm.

The Rent of Money and Property Compared.

The difference between money and the farms is that the former is a legal representative and measure of value, and the latter are representatives of actual value. The money is as capable of representing and measuring its own amount of value a hundred times in a year, and creating a hundred incomes, as the pound weight is of determining it own weight a hundred times. The quantity of cloth measured, and the weight of things weighed, cannot be increased by the number of times that the measure is applied to them. And we wish to emphatically state here that, contrary to the majority of writers, supply and demand is not the real factor in this money question. The market value of a house, store or farm rises or falls with the rise or fall of its rent or interest; and whether we assume money to be of actual or of legal value, to keep its value uniform the rate of interest must be kept uniform. Doubling the capability of the dollar to accumulate, doubles the value of the dollar. Its nominal value may remain the same, that is, it is always called a *dollar*, although it possesses twice its ordinary value, or power over property and and labor. The same principle applies to measures. The length of the yard stick being doubled, although it might still retain its name, would measure twice as much cloth as with its present limits. And money, while its denominations remain the same, measures more or less property, according to the rate of interest. We may imagine a measure fluctuating, expanding and contracting between certain points—as a yard-stick made of some elastic material, susceptible of being stretched to twice or thrice its ordinary limits, and still called a yard-stick.

The Government Should Fix the Value of Money.

Measures of quantity are instituted, and their length, bulk and weight are fixed by law and not by individuals. The measure of value is instituted and made by law, and consequently it is fraudulently used when the rate of interest upon it, which determines its value, is altered by individuals. The right to fix the value of money is as much reserved by the Government as the right to fix the length of the yard or the weight of a pound, and the regulation of its value is a thousand times more important to the people. The value of money is no more fixed or regulated by the laws ordering each piece of money to be coined of a certain weight and kind of metal, than the length of the yard would be fixed by ordering it to be made of a certain weight and kind of wood, without regard to its length.

The value of money depends upon its power to *accumulate* value for its owner by interest, and not upon the worth of its material, as the value of a paper instrument which secures a farm rent depends upon the productiveness of the land on which it is secured, and not upon the inherent qualities of the paper. The rate of interest fixes the value of money, and its value is no more fixed by the quantity or the quality of its material, than the size of the bushel is fixed by the quantity and quality of its wood.

The law of interest or per centage on money as much governs the rent or use of all property, and consequently the reward of labor, as the law of gravitation governs the descent of water. If the interest on money be high, a few owners of capital will inevitably accumulate the wealth and products of the money. This is really an important point in this currency question, and with the present accumulative power of interest—eight per cent.—there is no more chance of the laboring classes—and labor is the only source of wealth—gaining their rights by combining their labor to increase production, than by combining their labor they could reverse the course of the rivers and make them run to the top of the mountains, and pile up the waters on the summit. The law of gravitation would not be more sure to overpower all their labor and frustrate all their plans, than the present governing power of the interest of money is sure to gather up the increased production and add to the wealth of the capitalists. This country cannot pay seven and eight per cent. for money unless it cripples production: in fact, if space would allow, it could be shown that interest at two per cent. per annum is a higher rate of interest than a people can afford to pay—as the accumulative power of money, at this rate, will overbalance labor, counting a dollar a day clear of all expenses for the laborer.

The Rate of Interest too High for Production.

When this power to *accumulate* by interest is made greater and more rapidly than the natural power of production of labor, this law of interest becomes a most powerful engine of evil. It gathers into the hands of a few capitalists the productions of labor, and often deprives the producers of the barest necessaries of life. It is impossible for the producers of Canada to pay three, four or five per cent, to say nothing of seven and eight, for the use of property, and also furnish themselves with the comforts and conveniences of life, as all the percentage collected for the rent on property, or as the interest on money, must be paid by sales of the yearly productions of labor, which remain over and above the support of the producers. No human law can make the dollar naturally a productive thing; it is impossible to gain wealth by finance unless the labor of others produce, what is gained by financiers.

Money then earns for its owner by an accumulative power, by a power to gather things already produced, and not by a natural power of growth, like that contained in the germ of wheat or grain. Money is not usable as property; it is not susceptible of being improved by labor, nor is it competent in itself to supply any want of man, or to make any improvement. It is dead in their hands, and they at once part with it for something which is usable, such as materials that can be improved, or houses that will shelter themselves and their families, or lands upon which they can raise crops, or goods, wares and merchandize, which they can use or exchange for profit.

To show the accumulative power of money:—Suppose a Province lay contiguous to Ontario equal in every respect, but a primitive wilderness. Allow those classes of people whose labor makes all improvements to have the use of Ontario in its present condition, with its cities, railroads, canals, farms, goods, wares and merchandise, money, stocks, &c., for a certain term of years it would only take.

Nine Years to Double Money at Eight Per Cent.

At the close of this period they are to return the property uninjured by use, perishable articles replaced by new ones, and decayed buildings and machinery repaired and renewed. And for use or rent of all these they are, meanwhile, to make money, stocks, etc., etc., and render the new Province in every respect equal to Ontario. How long, dear reader, do you suppose it would take at the present rate of eight per cent. interest? At the end of a little over nine years they must give up Ontario, together with the new Province and all its improvements, for the use of Ontario for nine years. If the farming class can make as many improvements in a new country as now exist, and can afford to give the whole improvements for the use or rent of this country for nine years, eight per cent. would be a just rate of interest; but they can't do it, and we very much doubt if they would be repaid in thirty-five years for their labor, which would only be two per cent.

It is as natural for wealth at the present rate of interest of money to fall into a few hands as for water to find its own level by its own gravitation; and while our present rates of interest prevail, no combination or success in production, either by machinery or the muscular power of labor, will ever effect a change for the better. What we want now is a National Currency, at such a low rate of interest that the labor and production of the country will be fully rewarded, and thus bring prosperity to all.

The power of money over property and labor is increased or diminished, just in proportion to its accumulative power, hence the only possible way to affix a true value to money is to regulate a right rate per cent. interest for its use. A nation should not allow any money to circulate that is not perfectly good and at par, and also a legal-tender in payment for debts in every part of the country, and this is the object of having a National Currency.

CHAPTER VI.

Recapitulation of the Preceding Chapters—Money Should not be Limited—Not Enough Money in Circulation—The National Money will be on a Secure Basis—How Banks Operate—Paper Better than Specie.

Recapitulation.

In the foregoing chapters we have briefly shown—

1st. That any material may be made into money by endowing it with legal powers, namely, the powers to represent value—to exchange value, to measure value, and to accumulate value by interest.

2nd. That money as a measure of value is controlled by the rate per cent. of interest that it bears, and that the effect of the present rate of interest is to accumulate property in the hands of capitalists.

3rd. That the present rates of interest greatly exceed the increase of wealth by natural production, and consequently labor is robbed of its just reward.

4th. That a currency fluctuating by varying rates of interest is no more suitable as a medium than an elastic yard-stick is fit to measure cloth.

5th. That the Government is the proper authority to issue a uniform standard of value for the people, and in sufficient quantities and at a uniform rate of interest to meet the wants of business.

6th. That it is indispensable to the regulation of the currency that the *amount should be limited only by the wants of business.*

Money Should Not be Limited.

It has already been shown that the value of money is determined by the rate of interest which it brings; and if this proposition is established, it follows that if the rate of interest be regularly maintained, the amount of money may be unrestricted without decreasing its value. And, indeed, the quantity of money in a country must remain unlimited, for no laws against usury, or a fixed rate of interest, can prevent the oppression and evil consequent upon a *limited* amount of money. For instance, suppose a nation of one hundred thousand persons have twelve dollars a head in coin, and severe penalties are affixed to charging a higher rate of interest than was allowed by law, and also to the exportation of money from the country. This nation has altogether $1,200,000 in specie. Now, twenty men become worth $100,000 each—together $2,000,000. One million is loaned on bond and mortgage and business notes at the legal rate of interest. When all the money of the nation is in active use, the twenty men determine to call in thirty per cent. of their loans, and hold the money for a week or a month in order to make a more profitable reinvestment. This takes out of circulation $300,000, one-fourth of the circulating medium, and causes a great scarcity of money. Thus, one-fourth of the debts in the nation lie over unpaid, for all the money was required to meet the contracts. The twenty men hold only their own money, and no law can or should compel them to use it—for they only take a legal interest. Now let these men hold their money for only six months, until the unpaid debts are mostly collected by suits at law, and the twenty men and other owners of money can buy the property of debtors at less than half its value. All securities depreciate, and confidence is lost in the value of property, and in the ability of debtors to discharge their obligations, and yet no money leaves the country, nor is any change made in the rate of interest.

There was enough money to start with, an abundance for all the wants of the people. If it had been allowed to pass from one individual to another, say three times a week, the $1,200,000 would pay $3,600,000 of debts every week, and in a year $187,200,000. And there is no difference whether a nation has $12 a head or $20 a head: these few individuals could easily affect the money market and greatly increase their wealth by buying property at reduced rates and selling when depression ceases. If the amount of money for each inhabitant were increased to $20, the aggregate amount would be but $2,000,000, and the twenty men would be worth as much as the whole currency of the nation, and could easily keep enough in their own possession to affect the same results; and were the amount increased to five times that amount per individual, and still limited, the same ratio of controling power would still be possessed by the twenty. Consequently the amount of money issued by the Government should be limited only *by the wants of* *business*, so that if these twenty, or whatever number it might be, were to withdraw any amount of their capital from circulation, the deficiency could be immediately supplied by the Government, and the same amount of money be in active use.

Not Enough Money in Circulation.

A certain amount of money is required to fulfill the business engagements of a nation, and it is quite certain Canada has not one-half enough; but if one fourth of that amount be witheld from circulation, one-fourth of the contracts must remain unpaid. A high price charged for the remaining three-fourths will not enable them to supply the place of the absent one-fourth, which is indispensible to the prosperity of business. No country can be prosperous while capitalists can cause a scarcity of money. Their legal right to withdraw their money from circulation cannot be denied, but the exercise of this right should not operate to the injury of others. Some public means must be devised whereby the requisite amount of money for the peeplo may always be supplied at a legal rate of interest; and this can only be done by issuing a National Currency by the Government in sufficient quantities to meet the business requirements of the people. No Government, however, should make a currency of a material of which it cannot supply a quantity adequate to the wants of the people; for it cannot be necessary to have a representation of value scarce, so long as there is an abundance of actual value susceptible of representation—such, for instance, as the property in all British North America. And we are certain that an adequate quantity cannot be supplied by using gold as a medium. A power is given to money, and especially to gold, that is totally different from all other powers, and this does not seem to be at all understood. There is not a particle more natural power in gold and silver, of which money is made, than there is in iron, tin or wood; consequently the power of money is not in its material substance, but in its immaterial legal authority, which constitutes both its power and market value. The material part of the money only represents the immaterial, and this immaterial power is exacted to an enormous extent where there is nothing in the shape of gold to represent it. Let us take, for instance, a case of one of our farmers, who owns a hundred acres of land, and another person who has only one-half its value in gold. The latter can command a full equivalent in currency, and even get a premium, whilst the former cannot influence a cent, unless he mortgages his farm and pays something like ten and twelve per cent. to get money to carry on his business; Hence this power is woefully oppressive; it calls for a material substance, and there is no material substance to meet its demands, and the labor and property must be diminished in their market value so as to conform to the material quantity of the money—gold.

The National Money will be on a Secure Basis.

A national system of banking recommends itself in two ways over ther present system of bank management. First, the national money will be on a secure basis, as it will rest upon the credit of the whole country, whilst our present banking system rests upon a fictitious basis, is unsafe, and is productive of many and great injuries. They rest the greater part of their business on a false bottom, which may drop out at any time. They lend their *credit* without sufficient capital to back it, and call it lending *capital*. Their capital is to the credit they assume about as one to three, and, consequently, when the capital promised by the paper is called for, we hear occasionally that a bank has failed, and people suppose so much *capital* has been lost. But this is a mistake; it is only so much of their *sham credits*. This injustice and wrong comes to the surface at short intervals in the shape of panics and financial distress; and this arises from the idea that there must be a gold basis for paper money. This gold basis is the veriest blind in the world, and certainly could never have been imposed only on the assumption that the people were very stupid. A gold basis as far as the working of our banks is concerned, is about as imaginary as that the earth revolves on a gold axis. There is not a bank in Canada can pay ten cents on the dollar in gold, if it were to redeem all its issue; so that their bills are only accepted on public faith. Nobody wants gold here; nor is it used as a medium of exchange in our daily transactions, and could very well be dispensed with altogether. The truth is, this Golden Calf is a more idol the people are worshiping, just because the nature of money is not understood by the public, nor by farmers, mechanics and the great masses, of laboring people.

To those who oppose a national paper currency it may be asked why they do not advocate a purely metallic currency; or, why all circulation should not be gold?

Further, we should like to know if a government can legislate into a piece of paper ⅔ (two-thirds) of value, as they now do with the Dominion notes, which serve as a gold reserve for banks. Why not legislate 3/3 (three-thirds) of value into them?

The banks are empowered to lend twice their capital, and they may expand and contract their loans as much as they please within this limit. They can discount notes at longer or shorter dates. They can make money very abundant or very scarce by this discounting business. They can make the business of the country prosperous and make labor command good prices, or they can so greatly curtail business that the industrious farmer, merchant, mechanic and laborer, will be compelled to beg their living.

How Banks Operate.

When a bank is extending its discounts it will hold out inducements to merchants and mechanics to open accounts with it, being glad to discount for them to any amount. But suddenly there is an apparent scarcity of money, and the bank declines discounting the paper of merchants and mechanics at long dates. The reason the managers give for this is that money is becoming *scarce*, and that the bank discounts but one-half the paper offered. But in reality the amount of money is not diminished, nor the amount of discounts required increased, but the banks and the capitalists keep it in their own possession to make the money market *tighter*, that they may reloan to the business community at higher rates of interest.

What would be the use of increasing the volume of money under the present management of the banks? If there was a bank at every corner of the street in London, money would be just as scarce as it is now, as it would be solely in their power to expand or contract their loans. There is plenty of money in Canada for the wants of the people if it was only under proper control, and not withdrawn from circulation by capitalists, banks and speculators.

The only remedy for this is for the government to take control of our banks, and issue a legal tender sufficient for the wants of the people, and at a uniform rate of interest.

Paper Better than Specie.

In conclusion, we may say paper made to represent landed property instead of specie, and endowed with power to accumulate, measure and exchange property, would answer every purpose of money, and would be money.

Paper would be a better material for money than gold and silver, for these metals are limited in amount, and are troublesome, expensive and hazardous to remit. If a sufficient gold and silver currency were presented in Canada, free of cost, the inconvenience and expense attending the circulation and transmission of coin would far overbalance the whole labor and expense to provide and circulate a paper currency.

The question to be settled, then, is this— can a currency be formed entirely of paper, which will buy the productions of labor as readily as gold and silver coins; not whether a silver spoon can be made out of a paper dollar, or whether a gold watch-case can be made out of a ten dollar bank bill as well as it would be out of an eagle. We do not want money to make utensils and ornaments. We want money for a medium of exchange, to buy such articles as are useful to us, and if it cannot be made of paper so that it will be as good to the man who sells his labor or his products as gold and silver coin, we must not have a paper currency, that is all.

CHAPTER VII.

Objections to a Paper Currency Considered — Balance of Trade— Advantages of a National Paper Currency—Our Resources.

Objections to a Paper Currency Considered.

There is a great objection to a national paper currency because it is said that it would not be received in payment of debts contracted and payable abroad, or with foreign nations among whom gold and silver are the only legal tender. But if we manage our affairs properly, and develop the great resources of agricultural and manufacturing wealth which Canada has, her imports and exports should, or would be nearly equal; and even if the imports did exceed the exports, it would only be a small per cent. of our annual productions. Supposing it is ten per cent., surely the disposal of this amount of our productions is not a sufficient reason for maintaining a metal basis for our currency, which must finally affect the market value, and disturb among 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 certainly 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 [illegible]er to make our internal exchanges, we would 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 the exchanges of products among ourselves. If we have $6,000,000 in gold, which was the amount in the banks in Ontario and Quebec last April, we could ship this, and cancel this amount of our debt to England by paying our Government bonds and thus save so much interest. The money, too—gold—on which we pay this interest, goes mostly into the vaults of our banks and *lies* there dead, whilst our bank notes do all the business and make all the exchanges. And it previously lay idle in the Bank of England, while the notes of that bank performed the exchanges in England.

But suppose upon its arrival here every dollar of the specie should go into active circulation, what service would it render us? It would only assist us to effect our internal exchanges—do our home business; we should still be obliged to make all our products by our labor, as much as if we had used our own paper.

With a just monetary system, we should no more depend upon a foreign nation for money to represent our own property in our own country, than for the air we breathe. When we make our own property the basis of our currency, and furnish all the money we need for exchange of our own products among ourselves, no foreign nation will have power to affect our money market, or derange the internal exchanges of products, more than it could induce a scarcity of air and thus disturb our breathing. No scarcity or abundance of money in foreign nations would affect our monetary system. Gold and silver coins would be imported only to be converted into ornaments or utensils, or for re-exportation, as they would never be needed for money, any further probably than silver for a fractional currency.

If a national paper currency were properly instituted in Canada it would become known in England and other countries with whom we trade, and it would be a thousand times more likely to be received than our present bank paper. Bills of Exchange on foreign countries could be much more easily obtained than at present, because balances under this system would probably be in our favor. If our monetary system were such as always to supply the necessary quantity of money at a just and uniform rate of interest, so that production should never be impeded by a scarcity of money, or high rates of interest, no one acquainted with the trade resources of Canada can doubt that the amount of our yearly production could be increased hundreds of millions of dollars.

Our Resources.

Yes, look at the resources—there are four millions of square miles of territory in the Dominion, whereas all Europe has but a little over three millions, and the almighty United States is less than this again, Quebec and Ontario are equal in size to Great Britain, France and Prussia. The Maritime Provinces cover a space as large as Holland, Belgium, Greece, Portugal and Switzerland all put together. Who wouldn't take money backed by such a country as ours?

The greater the amount of production of this large country of ours, the greater the amount that we should export, and the less we should need to import, and the *balance* of trade would necessary be in our favor, and this balance we should be compelled to take in gold and silver, or leave on interest in foreign countries. Consequently, instead of a National paper currency producing unfavorable results in our foreign trade it will tend to increased production, by developing our resources, and expanding our trade relations with other countries.