

**PRINCIPLES OF CURRENCY:
MEANS OF ENSURING
UNIFORMITY OF VALUE
AND ADEQUACY OF SUPPLY**

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Principles of currency: means of ensuring uniformity of value and adequacy of supply by
Edwin Hill

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EDWIN HILL.

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CHAPTER I.

INTRODUCTORY.

AFTER the lapse of years the subject of currency is again pressed upon public attention by the unusual and somewhat alarming state of the money market. Formerly, men who had given long and laborious attention to this subject were nevertheless deterred from stating their views publicly, because the public mind appeared to have been set fast in this matter ; so much so indeed, that any attempt to subject the principles, upon which our currency laws are based, to that calm and patient but searching investigation and discussion, which has been so eminently successful in the discovery of correct principles, in respect of other matters of practical importance, was as vain as it would have been to scatter seeds upon hard frozen ground. Let us hope that such is not now the case, but on the contrary, that an earnest attempt to aid in throwing light upon this obscure, but important subject,

will now obtain not only a candid reception, but also a temperate examination, conducted under a deep consciousness that although in opinion we may differ, yet, in interest we are united ; for that in respect of this subject, the discovery and application of correct principles most deeply concerns the welfare of all.

There are some who object *in limine* to all "regulation of the currency ;" as it is termed, but such objection is founded in error ; because currency being legal tender, it, as that name imports, is the creature of law or "regulation ;" wherefore to withdraw "regulation" altogether, would be to cease to have legal tender ; an impracticable alternative. Therefore, what we require, is not the absence of regulation, but the presence of the most effectual kind thereof.

But regulation is of two kinds, viz., discretionary, and self-acting. Thus, on the one hand, the Bank of England both possesses and exercises the power of regulating the currency at its discretion, by altering its rate of discount. Also the Executive has ere now exercised a discretionary power over the currency,

by suspending for a time the operation of the currency laws. Whilst, on the other hand, self-acting regulation is afforded by the exportation of gold at one time in relief of excess, and its importation at another, in relief of insufficiency, such operations being undertaken *upon ordinary mercantile principles*; the trader simply seeking his own profit, and not concerning himself in the least about the regulation of anything whatever.

Amongst us, happily, self-acting regulation in commercial matters is the rule; discretionary interference, the exception. And I hope the considerations herein advanced will show that our currency has really within itself means of regulation of the self-acting kind, which admit of being so improved as to render every kind of discretionary interference quite needless for the future; and at the same time to confer upon the country a blessing which so far as I can collect, no country is known ever to have enjoyed; viz., the possession of a currency endowed with the power of correctly adapting itself to the wants of the population, at all times and under all circumstances; a