

Another objection to our Paper Money, is, "that in the Middle Colonies where the Paper Money has been first introduced, the Bills have never kept to their nominal value in circulation; but have constantly depreciated to a certain degree, & whenever the Quantity has been increased." If the rising of the value of any fresh issue of paper money wanted for opposition, is to be considered as a depreciation of the value of whatever remains in the Country; then the rising of Silver above Paper to that height of additional value, which its capability of opposition alone gave it may be called a depreciation of the Paper. — Such here as Bullion has been wanted or not wanted for opposition, its price has varied from 5s 2d to 5s 8d. per ounce. This is near 10 per cent. But was it ever said or thought on such an occasion; that all the Bank Bills, and all the coined silver, & all the Gold in the Kingdom were depreciated 10 per cent? Coined Silver is now wanted here for Change and 1 per cent is given for it by some Bankers. Are Gold & Bank notes therefore depreciated 1 per cent?

per cent? — The fact in the Middle Colonies is really this: On the emission of the first Paper Money, a difference soon arose between that & Silver; the latter having a property the former had not, a property always in demand in the Colonies, to wit, its being fit for a respite. This property having soon found its value, by the Merchants bidding one another for it; and a Dollar thereby coming to be rated at 8d. in Paper Money of New York, & 7s 6d in Paper of Pennsylvania; it has continued uniformly at those rates in both Provinces now near 20 years, without any variation upon new emissions; tho' in Pennsylvania the Paper Currency has at times increased from £ 15 000 the first sum to £ 600 000 or near it. Has any alteration been occasioned by the Paper Money, in the price of the necessaries of Life, when compared with Silver. They have been for the greatest part of the time no higher than before it was emitted; varying only by plenty and scarcity according to the seasons, or by a less or greater foreign demand

demand. It has indeed been usual with the
 introduction of a paper currency, to call every one
 of exchange with London, a depreciation of
 the paper: but this notion appears to be by no
 means just: for if the paper purchases every
 thing but bills of exchange at the former rate,
 and these bills are not above one tenth of what
 are employed in purchases, then it may be more
 properly and truly said, that the exchange
 has risen, than that the paper has depreciated.
 And as a proof of this, it is a certain fact, that
 whenever in these Colonies bills of exchange
 have been desired, the purchaser has been con-
 stantly obliged to give more in silver, as well
 as in paper for them; the silver having gone
 hand in hand with the paper at the rate
 above mentioned; and therefore it might as
 well have been said that the silver was
 depreciated.

Franklin's Miscellaneous Pieces
 published in 1779.

The American currency was most worthless,
 and its value most diminished in the year
 1776 and 1777, and yet the currency of the
 paper money was then very general, and
 its depreciation very slow; whereas in the
 three following years, when in consequence
 of the French treaty and the European
 Alliance, the confidence of the public in
 the cause was increased, the depreciation
 was accelerated in an amazing degree.

Essay on Money by Dr. Witherspoon