

this, more especially, is the case where Bank notes are redeemed and withdrawn to make room for it.

A resort to the first rules in arithmetic will demonstrate beyond dispute, that, with any given amount of specie in the country, and of Bank notes, the larger portion of the specie in the Banks and the lesser in circulation, the greater would be the proportional means and ability of the Banks to redeem their issues and sustain their credit, at a time of pressure upon them, whether for foreign exportation or from distrust of their solvency—and vice versa.

To make this appear, we will suppose the whole amount of specie in the country to be \$100,000,000, and of bank notes \$200,000,000; and we will then suppose the whole \$300,000,000 to be divided in various proportions between the banks and the general circulation in the community.

Suppose the banks have in their vaults \$90,000,000 of the specie, and 10,000,000 of their notes; here would be in circulation \$10,000,000 of specie, and \$190,000,000, of notes; in this case, the banks would have in circulation but little more than two dollars of their notes for each dollar of specie in their vaults—a situation which will be generally admitted to be sound and secure, and such as would enable them to sustain any probable demand upon them.

But let us suppose a reverse division of the specie and bank notes between the banks and the community, and see what would then be the situation of the banks. Suppose they had but \$10,000,000, of the specie, and \$90,000,000, of their notes on hand, there would be in general circulation \$90,000,000 of specie and \$10,000,000 of bank notes, viz: eleven dollars in bank notes in circulation for each dollar in specie in the banks: a situation which it is presumed would be generally considered unsafe and dangerous to their credit.

To show the contrast still further, suppose the banks to possess but \$1,000,000 of specie and \$99,000,000 of their notes, in such case, there would be in circulation \$99,000,000, of specie and \$1,000,000 of notes, or more than \$100 in notes in circulation for each dollar in the banks to meet their redemption: a situation which would not enable them to sustain themselves under even slight pressure or distrust, scarcely for a day.

But to meet and refute the popular error we are combatting, more directly—suppose the banks to have \$50,000,000 of the specie and \$50,000,000, of their notes on hand, and that there be in circulation \$50,000,000, of specie and \$150,000,000 of bank notes—in such case, the banks would have one dollar in specie for every three dollars of their notes in circulation: (not far from their ordinary situation:) this would be quite a fair condition, and much better than many banks, when in undoubted credit, could exhibit. But suppose *one-sixth only*, or \$25,000,000 of their circulation to be in notes of the smaller denominations; that those notes be redeemed by the banks, and