

urged, that withdrawing the smaller notes from circulation and supplying their place with specie from the Banks, would improve the general currency, strengthen the Banks, or tend to sustain their credit; and, above all, how can it be pretended, that to lessen the proportion of specie in the hands to the amount of their notes in circulation, would widen their specie basis."

It seems to us a matter of surprise that an error so manifest as the position, ^{which} we think we have demonstrated to be unfounded, and the very reverse of truth, should so long have prevailed, and been so generally either entertained or silently acquiesced in.

When, in addition to the foregoing demonstration, we take into consideration the fact which all, and particularly late, experience, and the observation of every one has proved, that in times of pressure upon and distrust of the Banks, nearly all that portion of specie in the hands of the community, ceases to circulate as currency, and thereby diminishes, to its extent, the circulating medium, in time of greatest need, it seems to us impossible to resist the conclusion, that the less amount of specie in the country, in general circulation, beyond supplying necessary charges, and the more of it in the Banks, the greater would be the strength and ability of the Banks to meet and overcome pressure upon them, and that the general interests and welfare would be best promoted by such a condition of the currency and disposition of the specie which the country, in the natural course of trade, may at any time possess. While, therefore, we would rigidly restrict the Banks as to the amount of their issues and responsibilities of all kinds, in proportion to their capital, specie and other means, and enforce the restriction under severe penalties, we would leave them free as to the denominations of their issues.

We think that when the Banks are paying specie for all demands upon them, the community may safely be left to use or refuse a small note circulation, which necessity compels them, even in violation of Legislative enactments, which, however, we believe, are not Law, to resort to, whenever Bank notes of all denominations become irredeemable. We therefore, respectfully recommend the repeal of the restrictions prohibiting the issue or circulation of notes of less denomination than five dollars, now imposed upon all the Banks in the State but one.

The objection most commonly urged against the circulation of small notes is, that the larger portion of them is always in the hands of the poorer classes, and persons who have no immediate interest in, and know but little about the credit and reputation and credit of the Banks. But this objection may easily be avoided; perhaps it is due to the part of the community named, &c.