diminution could be limited to the amount of the deficiency thus drawn from the banks, the evil would be no greater than if the currency were metalic. But this is not the fact — When the paper circulation is returned upon the banks for specie, prudence requires that an effort should be made to preserve the same proportion between the specie in their vaults and their notes in circulation, as existed at the moment the pressure commenced. If the paper in circulation should be three times the amount of specie in the possession of the banks, a demand upon them for 1,000,000 dolls. of specie, would produce a diminution of 3,000,000 dolls. in the currency, if the specie should be exported, and of 2,000,000 dolls. if it remained in the country. It is even probable that the comparative diminution would exceed this ratio. As the demand increased, apprehensions would be excited for the credit of the banks; the exertions produced by that apprehension, would correspond with the magnitude of the evil to be avoided, rather than with the positive pressure. This, it is presumed would be the effect of such an emergency, where banks had not become familiarised with bankruptcy, and were not countenanced by society in a course of conduct which, in private life, would be considered dishonest.

If, by any constitutional exercise of the power of congress, banks can be restrained, 1st. From issuing notes of small denominations; and 2d. From excessive issues when their notes are not returned upon them for specie, fluctuations in the currency to an extent to derange the interests of society may be prevented. But if the imposition of these restraints are not within the constitutional powers of congress, the evils which have been suffered for the want of these restraints, must continue, until the present system of banking shall be abandoned.

In an enquiry into the state of the currency, the consideration of the coinage is necessarily involved. The principles upon which the coinage of the United States has been established, are substantially correct. The standard fineness of the gold coinage corresponds with the coinage of England and Portugal. The standard of the silver coinage differs but little from that of Spain. The American dollar is intrinsically worth about one per cent. less than the Spanish milled dollar. This difference, if the Spanish dollar had not been made a legal tender, might have secured to the nation a more permanent use of its silver coinage. American dollars would be exported, as long as Spanish dollars could be obtained for that purpose, at a reasonable premium.— If this latter coin was not a legal tender, the banks might afford to import it, and might sell, at a fair premium, the amount which might be required of them for the China and East India trade.

The relative value of gold and silver has been differently established in different nations. It has been different in the same nation at different periods. In England, an ouuce of gold is equal to about 15 2 ounces of silver. In France, it is equal to 15-5; and, in Spain and Portugal, to 16 ounces. In the United States, an ounce of gold is equal to 15 ounces of silver. But the relative value of these metals in the markets, frequently differs from that assigned to them by the laws of different civilized states. It is believed that gold, when compared with silver, has been, for many years appreciating in value; and now, every where commands in the money market, a higher value, than that which has been assigned to it in states where its relative value is greatest.— If this be correct, no injustice will result from a change in the relative value of gold and silver, so as to make it correspond with their relative marketable value, if gold, in relation to silver, should be raised five per cent one ounce of it would be equal to 15 75 or 15 3-4 ounces of pure silver. This augmentation in its value would cause it to be imported in quantities sufficient to perform all the functions of currency. As it is not used to any considerable extent, as a ordinary article of commerce, the fluctuations, to which the silver currency is subject from that cause, would not affect it. It would be exported only when the rate of exchange against the country should exceed the expense of exportation. In ordinary circumstances, such a state of exchange would not be of long continuance. If the currency of the United States must, of necessity, continue to be paper convertible into specie, an increase of the gold coinage, upon principles which shall afford the least inducement to exportation, is probably the most wholesome corrective that can be applied, after the rigid enforcement of that convertibility.

The copper coinage is believed to be susceptible of improvement. Copper itself is too massive to serve the purpose of change. One hundred cents are too cumberous to be carried, and used in the numberless transactions which daily occur between individuals. Coin compounded of silver and copper, of from one to ten cents, would be much more suitable for that object. This kind of coinage has been adopted in other countries, with great advantage.

It has, however, been objected to this coinage—

1. That, as compounded metals are much harder than the component ingredients, it would be difficult and consequently expensive to work.

2. That the coin itself would be of little or no intrinsic value; copper or brass being of superior value in the manufactures to which it might be applied. And that the public would scarcely submit to the circulation of a coin so worthless.

3. That it might be counterfeited by a composition of zinc and copper.

After giving these objections their due weight, it is believed that a change of this nature, in the copper coinage, would be beneficial. Altho' the expense of such coinage would be twice as much as that of an equal number of silver coin, still it might be advantageous. Small change both of silver and copper, may be abundant in Philadelphia, the seat of the mint; but it is not so generally elsewhere. If so tickets of 6¼, 10, 12½, 25, & 50 cents. issued by mayors and corporation officers, and dollar bills torn in two pieces, for the purpose of change, would not be employed for that purpose.— This single fact is an answer to the second objection. The fractional parts of a dollar are so indispensable in the transactions of individuals, that any thing which assumes that character will be employed. If the the tickets which, at this moment, form so great a portion of the change of this city, and of various other places are employed for that purpose, it is inconceivable that the community should refuse to permit a compound coin, of silver and copper to circulate containing the intrinsic value which it represents, merely because, for manufactures, it will not be worth more than brass or copper, and that the expense of refining will be equal to the value of the silver. Change, that is, the fractional parts of a dollar is so indispensable to the community, that its inapplicability to manufactures & its exemption from liability to exportation, instead of forming objections, are recommendations in its favor.

The objection that this coin may be easily counterfeited, is, it cannot be obviated, entitled to great consideration. As has been before stated this compound coinage has been successfully practised in other states.— If compound metals are much harder than their component ingredients, may not a sufficient security against counterfeiting be derived from that circumstance? The dimensions and power of the machinery, which constitute one of the objections to the coinage, will render it extremely difficult to secure that secresy, and concealment, which are indispensable to the success of the counterfeiter. If this compound coinage should not be carried higher than ten cent. or dime pieces, the inducement, compared with the danger of detection, resulting from the magnitude of the machinery, would not, it is believed, be sufficient to encourage counterfeiting. If however, it should be deemed impracticable to guard against this evil, in a coinage composed of silver and copper, an attempt might be made to obtain a supply of small change, by a mixture of silver and zinc. The danger of counterfeiting would then be removed.

As various plans have been suggested during the last twelve months, for alleviating the general distress which has prevailed, by the emission of a large amount of treasury notes, a few observations on that subject will close this part of the report.

If treasury notes are to be issued for this purpose, they will be either receivable in all payments to the government, or they will be made redeemable at a fixed period.

1. If they are made receivable in all payments to the government, the revenue will, from the time that 5,000,000 dolls are issued, be substantially received in them. The government will be immediately unable to pay the interest & reimbursement of the public debt in specie, as it becomes due. These notes, when compared with the notes of the bank of the United States, will be at a discount. The latter notes, independently of their being every where receivable in all payments to the government, are convertible, at the place of their issue, into specie.— They are equal to the treasury notes in payment of the revenue, and superior to them, as they command specie when the holder shall desire it.

If the 14th section of the bank charter was modified, so that the notes of the bank and of its offices should be receivable by the government, only when tendered where they are made payable, a small amount of treasury notes might be issued and circulated without depreciation. In that case, they would be used for the transmission of money, and would be in constant demand for that purpose. It is the reception of the notes of the bank of the United States, and its offices, by the government, wherever they are tendered, that causes them to be considered as a good remittance throughout the United States. If they should cease to be so received, a demand for treasury notes to a small amount, for the transmission of money, would be created and would preserve them from depreciation. If the notes thus issued should be made redeemable at the treasury, in specie, upon demand, the amount which might be put and retained in circulation would probably exceed, to a considerable extent, the sum demanded for the facile transmission of money. Such treasury notes would, however, have no advantage over the notes of the bank of the U. S. as long as they are receivable in all payments to the U. States, without reference to the place where they are payable. It is even probable that they would not be of equal value and currency with those notes, as the latter would generally be made payable in the principal commercial cities, where remittances are continually made, whilst the treasury notes would be payable only at this place. If treasury notes, payable in specie, on demand, when presented at this place should be preferred to the notes of the bank of the United States, it would be in consequence of the abuses which have been practiced by banking institutions, which have, in some degree, shaken the public confidence in the integrity of their direction.

2. If treasury notes were to be issued, not receivable in payments to the government, but redeemable at a fixed period they would immediately depreciate, unless they bore nearly 6 per cent. interest. In the latter case, they would be of little more use, as currency, than the funded debt.— They would not perform the functions of money.

3. In any case whatever, whether they are receivable in payments to the government or bear an interest, and are redeemable at a fixed period, they will afford no substantial relief where the distress is greatest, unless they should be advanced as a loan in order to alleviate that distress. If they are to be issued from the treasury in discharge of the demands upon the government, they would never reach those sections of country where relief is most required. *There*, the government already collects more than can be expended. One of the causes of this distress, is the necessity of transferring the public funds from those sections for the purpose of being expended to those where there is no deficiency of currency.

As a financial resource, the issue of treasury notes is justifiable only where the deficiency, which they are intended to supply, is small in amount, and temporary in its nature. As a measure of alleviation, it will be more likely to do harm than good. If a sufficient amount of those notes, of any description whatever, should be issued and put into circulation where they are most wanted, unless they were given away, a debt in that part of the union would be contracted to the extent of the issue. It might enable the borrowers to pay debts previously contracted, but their relative situation would be the same, unless the currency became vitiated by the relief which was afforded, the ultimate payment of the debt would consummate the ruin which the measure was intended to prevent. But it is probable that the sums which might be advanced, by way of loan, would, in a great degree, be lost. The government is not, from its nature, qualified for operations of this kind. The general system of credit which has been introduced by the agency of banks, & by the inevitable effect of the measures of the gen gov't, has produced an artificial state of things, which requires repression rather than extension. The issue of treasury notes, for the purpose of alleviating the general distress, would tend to increase this unnatural and forced state of things, and give to it a duration which it otherwise would never attain. If much of the evil resulting from a decreasing currency had not already been suffered, there might be some plausible reason for urging the issue of treasury notes, as a measure of alleviation. This ground cannot be urged in its favor; it is, therefore, indefensible, upon the ground of expediency, as well as of principle.

The last member of the resolution assumes, by implication, the practicability of substituting, by the constitutional exercise of the powers of congress, a paper currency for that which now exists.

In considering this proposition, the power of congress over the currency of the United States cannot consistently with the respect which is due to that body, be either affirmed or denied. It cannot be supposed that the house of representatives, in adopting the resolution in question, intended, through the agency of an executive department of the government, to institute an inquiry as to the extent of the constitutional authority of a body, of which it is only a constituent member. Yet, it will necessarily occur to the house that if the power of congress over the currency, is not absolutely sovereign, the inquiry, whatever may be its immediate result, must be without any ultimate utility. The general prosperity will not be advanced, by demonstrating that there is no intrinsic obstacle to the substitution of a paper, for a metallic currency, if the power to adopt the substitute has been withheld from the federal government. Without offering an opinion upon the weight to which these views would have been entitled, had they been urged whilst the resolution was under consideration, it is admitted that they furnish no ground for declining the performance of the duty imposed by its adoption. In the discussion of a question of so much delicacy and importance, the utmost confidence is reposed in the justice and liberality of those who have rendered it indispensable.

At the threshold of this enquiry, it is proper to observe that, it is deemed unnecessary to present analysis of the motives which led, even in the most remote antiquity, to the general adoption, by civilized states, of gold, and silver as the standard of value; or of the advantages which have resulted from that adoption. The circumstances, to which, in the course of this investigation, it will be necessary to advert, is the tendency which a metallic currency has to preserve a greater uniformity of value, than any other commodity; and the facility with which it returns to that value, whenever, by any temporary causes, that uniformity has been interrupted. No argument will, in this place, be offered in support of this proposition. It is found in the experiences of all nations its truth, for the present will therefore be assumed. But, the proposition itself admits, that gold and silver, when employed by the consent of all civilized states, as the standard of value, are subject to temporary variations of value. It is equally true, that they are subject to permanent variations. The cause and effect of these changes will be considered previously to the discussion of the practicability of substituting a paper for a metallic currency.

1st. When by any circumstance whatsoever, a greater portion of these metals is found in a particular state, than is possessed by other states, having articles of equal value to be exchanged, they will, in such state, be of less value than in the adjacent states. This will be manifested by an increase in the price of the commodities of such state. This increase of the price will continue until the metallic redundancy is exported, or converted into manufacturers. Whenever this redundancy is disposed of, the currency will return to its former value, and the place of other commodities will be regulated by that value.

2d. But the exportation of specie may take place where there is no such redundancy. This occurs whenever the general balance of trade continues, for some time, unfavorable to a particular state. The currency then appreciates in value, and the price of all other commodities in such state, is diminished. As commerce is nothing more than the exchange of equivalents, the reduction in the price of the articles of such state and the increased value of the currency, will promptly produce a re-action; and gold and silver will soon return in the quantities required to reduce their value to that which they maintain in the adjacent states. With the return of specie, all other articles will return to the prices which they commanded before its exportation. Like fluids, the precious metals, so long as they are employed as the general measure of value, will constantly tend to preserve a common level. Every variation from it will be promptly corrected, without the intervention of human laws. These fluctuations, being temporary in their nature, are wholly independent of the permanent causes which may effect the value of gold and silver, when employed as the general standard of value. They will equally occur, whether the quantity of these metals, compared with the exchanges which they are destined to effect, be redundant or deficient. The limits, however, within which these fluctuations are confined, are so contracted, that the great interests of society cannot be seriously affected by them. But this observation must be understood to apply to a currency purely metallic, or, at least, when the paper which is connected with it, does not exceed the demand for the convienent transmission of money.

3. Gold and silver, when employed by the common consent of nations as the standard of value, are subject to variations in value from permanent causes. When their quantity is increased more rapidly than the articles which are to be exchanged through their agency, their price will fall; or, what amounts to the same thing the price of all exchargeable articles will rise. It has been admitted by all intelligent writers upon this subject, that, immediately after the discovery of America, towards the close of the fifteenth century, a sudden and extensive depreciation in the value of these metals occurred; and that, from that time, to the close of the eighteenth century, they continued gradually to depreciate. This depreciation, it is believed, has been accelerated during the last century, as much by the substitution of paper for specie, as by the increase in the quantity of those metals during that period, beyond the demand which would have existed for them, as currency, had that substitution not taken place. The precise effect upon the depreciation of these metals, produced by the partial substitution of paper, in various countries, for a metallic currency, will not now be inquired into; but it is generally conceded, that the depreciation has been more rapid since that substitution, than at any former period; except when the accumulated stock of ages in the new world was brought into Christendom, and thence distributed into every other region where gold and silver were in demand. Since the close of the last century, doubts have existed whether those metals, even when employed as currency, have not appreciated in value: and it is contended, by the advocates of a paper currency, that this appreciation will probably continue through a long succession of years, and seriously affect all the operations of the civilized world. It is maintained, by these writers, that the demand for currency, at present, throughout the world is greater than the supply which the existing quantity of the precious metals will afford, without materially depressing the price of all the objects of human industry and human desires. When it is recollected that production is regulated by demand, and that both are directly affected by the quantity of currency compared with a quantity of articles to be exchanged, it is readily perceived that an increase in the currency of the world by the substitution of paper, even when convertible into coin, will increase the quantity of exchangeable commodities in the world beyond what would have existed, had such increase of currency not taken place.

Under such circumstances, a sudden reduction of the currency, by the rejection of the paper which had been employed, could not fail to derange all the relations of society, by diminishing the quantity of currency, whilst the articles to be exchanged through its agency, would suffer no such diminution. An immediate depression in the price of all commodities would be the inevitable consequence of an unqualified return to a metallic currency upon the supposition that the quantity of gold and silver, annually produced, should remain undiminished. But, if this return to a metallic currency, should be attempted at a period, when the annual product of these metals, either from temporary or permanent causes, should have considerably decreased, all the great interests of society would be most seriously disordered; property of every description would rapidly fall in value; the relations between creditor and debtor would be violently and suddenly changed. This change would be greatly to the injury of the debtor; the property, which would be necessary to discharge his debts, would exceed that which he had received from his creditor; the one would be ruined without the imputation of crime, whilst the other would be enriched without the semblance of merit. Until the engagements existing at the moment of such a change are discharged, and the price of labor and of commodities is reduced to the proportion which it must bear to the quantity of currency employed as the medium of their exchange, enterprize of every kind will be repressed, and misery and distress universally prevail. When this shall be effected, the relations of society, founded upon a new basis, will be equitable and just, and tend to promote and secure the general prosperity.

Such, it is contended by the advocates of a paper currency, are the