

ness of this country, that expansions and contractions of the currency are necessary. In the fall of the year, they say, the produce cannot be brought out of the country for exportation, unless the currency is increased. As soon as the bills drawn for these exports are sold, then a contraction ensues. So much has already been said on the evils of expansions and contractions, I need not dwell on the mischievousness of this proceeding. The same end would be attained by banks offering a sufficiently high rate of interest to draw money from sources, where it was lying idle, or where it could not be so profitably employed.

It is contended that the establishment of a domestic currency, regulated as proposed, will not prevent expansions and contractions; that the currency will circulate in other countries and as the amount that will do so will vary, by so much will expansions and contractions take place. I believe though of some value, yet it will be of such uncertain value abroad that this currency will never there enter into circulation. I will first suppose that we alone possess a domestic currency, and that other nations continue the use of metals for their money; the natural relative value of our money may be higher, or may be less than theirs, the value of each depending on its relation to services in the respective countries; our dollar here may command twice or only half the amount of services that the gold dollar does in other countries. Next, I will suppose that other countries adopt domestic currencies; the natural relative value of theirs and ours will be almost sure to differ; besides, did a difference in their natural relative value not exist, we may be certain that the exchanges between the countries would always be causing one money to be more valuable than another. For these reasons we may be assured that this currency abroad will never enter into general circulation, not even near our borders, where the paper of our banks freely circulates.

It is also contended that expansions and contractions will most probably arise by parties combining and withdrawing large sums from circulation to serve purposes of their own. A domestic currency will cause wealth to be so much more

fair  
wi  
we  
jea  
gre  
cau  
acti  
sum  
ther  
exer  
deter  
poss  
prop  
regar  
damm

Th  
and r  
the pl  
Its co  
debtor  
and cr  
conseq

The  
well as  
are, the  
on pub  
of the  
lent tra  
pledges  
banks a  
whenever

These  
consume  
country  
banking  
on inter  
would gi