—all the bills in circulation being based on an equal amount of specie in the banks. In that case the withdrawal of 30 millions would leave 166 millions in circulation. It would reduce the money of the country only to the exact amount of the specie sent out—would cause no panic, and little comparative pressure—for while, in the first instance, the people would be obliged to discharge their obligations with less than one-half of the amount of money existing when they incurred them, in the latter case they would suffer from diminution only to the extent of *one-sixth*. This would make an immense difference, both in their ability to get the money to pay their debts with, and in the value of their property. In the one case there would be a salutary pressure occasioned by the operation of the natural laws of trade—in the other, distress and bankruptcy arising from the defective currency. In the one, the fall of property would be slight—in the other, ruinous.

We have said that a mixed currency is elastic, expanding and contracting, in virtue of its inherent properties. This is further obvious from the following facts:

There are some 1,300 banks in the United States, all competing for the profits arising from the issue of credit money. The bank that can issue the greatest amount of this money—that is, can put out the greatest excess of paper over the specie in its possession—will, other things equal, pay the largest dividends, because it gets the same interest on its credit money, which costs nothing, (or the mere expense of manufacturing it,) that it does for its specie capital. This being the case, there is a constant effort made to secure the largest possible circulation. Various expedients are often resorted to for this purpose. Persons are sometimes employed to take the paper money of the bank to distant places for circulation. The banks at the East often make loans to persons going West to purchase produce, in consideration of "the favorable circulation they may give to their notes." We are cognizant of many like the following:—

A receives of a bank $10,000 of its bills, and gives his note for the same with interest, and binds himself to keep that amount of bills constantly in circulation for a given time. This is effected by having all the bills "marked"—that is, stamped with the initials of A's name, or some figure agreed upon, and as fast as those bills are returned to the bank, A is obliged to redeem them at once with other money. By such devices some banks (for all do not resort to tricks) are enabled to extend their circulation far beyond what it would otherwise attain. But without such expedients, the loaning of such money by the banks generally throughout the country will, in a short time, bring a vast amount into circulation, and if the credit of the banks be unsuspected, it will continue to circulate until a general contraction takes place. Such we know is the result of the mixed currency system of the United States, and such will be the result in all countries having a like currency.

But the very issue of so much money causes such a rise in prices, such an extension of credits, and such a demand for foreign products, that a call for specie for export is inevitable, and then a contraction must take place. Hence expansions and contractions succeed each other as cause and effect. The following statistics confirm the general principle we have laid down:—

The circulation of all the banks in the United States has been in round numbers as follows:—