

however worn or dipped, or alloyed they might be ; ascertained by weight and assay the true value of the same, and passed them to the credit of the depositor as so much "back money." This arrangement established a uniform and reliable standard of value, and conferred the greatest advantages on the trade of Amsterdam. It continued its operations successfully and without interruption until the invasion of the French army in 1795.

"The Bank of Hamburg is another institution much like the preceding. It was founded in 1619. It has ever been, and still is, strictly a bank of deposit, and we have the testimony of Mr. McCulloch, author of the *Commercial Dictionary*, (a very good authority,) that "this is universally admitted to be one of the best managed banks in Europe." It has always adhered closely to its functions as a bank of deposit, has never loaned any part of its funds, but maintained in all respects its integrity both to its depositors and the public. It confers immense benefits and does no mischief, affords the greatest facilities for the safe keeping and transfer of money, and does nothing to disturb the natural laws of trade. It is, in fact, a model bank. It is supported by a small commission paid by each depositor, and as its funds always bear an agio, or premium, it virtually costs the depositors nothing—the charges falling at last on those who drain the specie from its vaults for exportation. This bank not only sustains itself, but pays a considerable revenue to the city.

"Such was the origin of the simplest form of banking, from which all others have preceded in the natural course of events—for when a bank of deposit was fully organized, and its operations tested, it would be seen that the same institution might, with great propriety and effect, exercise yet another function—viz.: that of *loaning money*.

"Persons having money to lend might place it in this institution, and those in charge could readily transfer it to those wishing to hire. This would be done by "discounting" the notes of those who wished to borrow money. The advantage of this arrangement would be obvious. Every person having surplus funds would know where to dispose of them, and those desirous of obtaining funds would know where to apply for them. The amount received for interest on the loans made by the institution, would be a *dividend* to the several persons who had placed their money in the bank for investment, according to the amount contributed by each—that is, the bank would pay 'dividends' on what would be its 'stock,' or money placed at its disposal for loan. Whenever a bank of deposit should take on this new function, it would be—

A BANK OF DEPOSIT AND DISCOUNT.

"Such a bank might also very properly go one step further, and *issue notes for circulation* to an amount equal to the amount of coin in its vaults. This would afford great additional facility. If instead of taking \$1,000 in specie, a person may take a note of \$1,000, or ten of \$100, they are much more easily carried about his person. If he should travel ever so great a distance, the weight of this kind of money would be so trifling as to be hardly appreciable. This would be one of those advantages which a high state of civilization confers. When confidence can be fully established and maintained, the actual transfer of specie itself becomes infinitesimally small compared with the use which may be really made of it. Retained in one place securely it is ambiguous in its manifestations, passing and repassing with