

SENATE.....No. 53.

Commonwealth of Massachusetts.

IN SENATE, Jan. 28, 1843.

Ordered, That the Resolutions of the State of New Hampshire, relating to the Circulation of Bank Bills of less than five dollars be referred to the Committee on Banks and Banking.

Sent down for concurrence.

LEWIS JOSSELYN, *Clerk*.

HOUSE OF REPRESENTATIVES, Jan. 30, 1843.

Concurred.

L. S. CUSHING, *Clerk*.

Commonwealth of Massachusetts.

SENATE, Feb. 28, 1843.

The Committee on Banks and Banking to whom was referred certain Resolutions of the Legislature of New Hampshire, concerning the circulation of bank bills of a less denomination than five dollars, have considered the subject, and recommend the passage of the following

RESOLVES.

Resolved, That this Legislature concur in the opinions and principles set forth in certain Resolutions passed by the Legislature of New Hampshire on the 23d December 1842, on the subject of the circulation of bank bills of a less denomination than five dollars.

Resolved, That it is expedient that the earliest opportunity should be seized to rectify the present system of paper currency, and prevent its pernicious fluctuations.

Resolved, That the suppression of small bills by the banks, and the consequent supplying the places of them with gold and silver in the hands and pockets of the people, would tend to prevent these ruinous fluctuations, and essentially diminish the dangers of bankruptcy on the part of the banks, and of losses on the part of the people.

Resolved, That the Legislatures of other states in New England should be invited to coöperate in bringing about this desi-

nable reform in the currency, by enlarging the specie basis of the circulation of their banks, and by prohibiting the circulation or issue of bills of a less denomination than five dollars.

Resolved, That His Excellency the Governor be requested to transmit a copy of the foregoing Resolves to each of the governors of the several states of New England, with a request that they be laid before their respective legislatures.

For the Committee,

GEORGE HOOD, *Chairman*.

Commonwealth of Massachusetts.

The Minority of the Committee on Banks and Banking, to which was referred certain Resolutions adopted by the Legislature of New Hampshire, concerning the circulation of Bank Bills of a denomination less than five dollars, submit the following

REPORT :

The minority of the committee assent to so much of these resolutions, as declares, that the circulation of bank bills of a denomination less than five dollars, excludes from common use a portion of specie, and that greater security would be afforded to the public, by prohibiting their circulation. But it would be of little avail for one or two States, to forbid the issue of such bills by their own banks, while the banks of neighboring States retained the privilege, since the bills of such banks would immediately supply the circulation thus withdrawn. All attempts to prohibit the circulation of bills of other States, of small denominations, under such circumstances, it is believed, have heretofore proved, and will hereafter prove, unavailing. Therefore, whenever such a measure is attempted, the coöperation of other States should be sought, as it is sought by New Hampshire, to make it effectual. But, unfortunately, there is an insuperable objection to the adoption of this measure, at this time, in this Commonwealth.

By the general banking law, passed in the year 1828, it is provided, that "every bank within this Commonwealth, may issue bills under five dollars, to the amount of one quarter part of its capital actually paid in," and all the banks in this State, now in existence, have this privilege secured to them, by their charters. It is one of the privileges for which they have paid,

and still continue to pay, an equivalent to the State, amounting to one per cent. per annum, upon their capital stock. This privilege, thus paid for, and guaranteed to them by their charters, no Legislature of Massachusetts, it is hoped, will for a moment think of violating.

When the charters of our existing banking institutions shall expire, which will be in 1851, it will be competent for the Legislature to make such regulations, upon this, and upon other subjects connected with banking, as shall then seem most expedient. The whole subject will then be open for revision, and will task the highest wisdom of our legislative councils. The committee were unanimously of opinion, that in such a revision, this important change in our circulating medium, can be made, with improvement to our currency, and with advantage to the interests of the people.

But, for the reasons above stated, the minority of the committee recommend no action, at present, on the subject.

EDM. DWIGHT,
THOS. KINNICUTT,
BENJ. P. CHAMBERLAIN.

STATE OF NEW HAMPSHIRE.

1. *Resolved, by the Senate and House of Representatives, in General Court convened,* That the circulation, as money, of the bills issued by banks, of a less denomination than five dollars, necessarily excludes from circulation and common use that specie which is regarded as essential to the security, as well as the convenience, of the various classes of our community.

2d. That the circulation of bank bills, as money, of a less denomination than five dollars, is a practical evil of such a character as calls for a remedy by legislative enactments.

3d. That the banking corporations of this State ought to be prohibited from issuing bills of a less denomination than five dollars, to circulate as money, and that bank bills of a less denomination than five dollars, which may have been issued by banking corporations of other States, ought to be prohibited from circulation as money in this State.

4th. That the best interests of the people require that this great and important change in the circulating medium should be accomplished with as little delay as practicable.

5th. That, in the opinion of this Legislature, the coöperation of the Legislatures of other States of New England ought to be respectfully requested, in aid of this reform in our currency.

6th. That the Governor of this State be requested to forward copies of the foregoing resolutions to the Governors of the other States in New England, for the purpose of having them early presented to their respective Legislatures.

SAMUEL SWASEY,
Speaker of the House of Representatives.

JOSIAH QUINCY,
President of the Senate.

Approved Dec. 23, 1842.

HENRY HUBBARD, *Governor.*