

**James Madison to C. D. Williams, February, 1820.
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TO C. D. WILLIAMS. MAD. MSS.

Feby —, 1820

I have received your favor of [January 29] accompanied by the pamphlet on the subject of a circulating medium.¹

¹ Williams submitted a pamphlet on the causes of the commercial depression and a plan for reforming the currency.— *Mad. MSS.*

I have not found it convenient to bestow on the plan proposed the attention necessary to trace the bearings and operations of new arrangements ingeniously combined on a subject which in its most simple forms has produced so much discussion among political Economists.

It cannot be doubted that a paper currency rigidly limited in its quantity to purposes absolutely necessary, may be made equal & even superior in value to specie. But experience does not favor a reliance on such experiments. Whenever the paper has not been convertible into specie, and its quantity has depended on the policy of the Govt. a depreciation has been produced by an undue increase, or an apprehension of it. The expedient suggested in the pamphlet has the advantage of tying up the hands of the Govt. but besides the possibility of legislative interferences, bursting the fetters, a discretion vested in a few hands over the Currency of the nation, & of course over the legal value

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of its property, is liable to powerful objections; and tho' confined to a range of 5 per Ct. wd. have still room for a degree of error or abuse not a little formidable. The idea also of making foreign currency depending on a foreign will, and the balance of trade always varying, and at no time reducible to certainty & precision, standards for a natl. Currency wd. not easily be admitted.

I am sensible Sir that these observations must have been included in your examination of the subject, and that they are to be regarded in no other light than as an expression of the respect & acknowledgment, which I pray you to accept for your polite Communication.