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Congress of the United States.

HOUSE OF REPRESENTATIVES,

January 24, 1811.

Mr. STANLY'S SPEECH

On the Bill for renewing the Charter of the United States Bank.

Mr. Speaker—After the able discussion which this subject has already undergone, I should not have asked your attention, but for the observations of the gentleman from Virginia, (Mr. Eppes) who has just addressed you. That gentleman with a view to justify such decision of the question as he desires, has advanced propositions which are in themselves so incorrect, and supported them by arguments so palpably unreasonable, that I shall trouble the House a short time in reply.

The gentleman tells us it is as true as any mathematical axiom that a power not expressly granted by the constitution to the federal government cannot be exercised by that government; that whenever a political Euclid shall be composed, this principle should be placed as first in clearness & importance, & the speech of the gentleman from New York, (Mr. Porter) on the bill before us should be added as an appendix or commentary proving its truth. In terms, sir, the gentleman's proposition is true, but the gentleman has not avoided the error of those who have preceded him on that side of the question; he confounds the powers of the federal government with the means of executing such powers; he does not distinguish between the objects of the federal compact and the means of effecting those objects. And upon this hinge of error did the argument of the gentleman from N. York turn. This confusion of terms, this indistinctness of perception, as I shall endeavor to shew, has led gentlemen astray on this question. If, sir, the political errors of the statesmen of this day should ever be collected into a volume, as the first, the most glaringly wrong, and flagrantly unjust, should be placed the axiom of the gentleman from Virginia, which cannot in substance be other than this—"that no means of executing a power granted to the federal government can be employed by that government unless such means be found expressly pointed out in the constitution." And, sir, to shew how truth may be obscured, and error supported by ingenuity, my respect for the gentleman from New York forbids me saying by *sophistry*, I will append as a commentary the speech of that gentleman on this question.

With respect to the constitutional right of congress to incorporate a bank for the prosperous administration of its finances, the very able arguments already made, and in my apprehension very imperfectly met, require little to be said in its support. My view of this part of the subject shall therefore be brief, and I may be pardoned for offering it. To incorporate a company, in other words, to grant to certain persons a legal or artificial capacity, distinct from their natural, is an act of sovereignty; a delegation of which it is true can only emanate from the sovereign power. If the federal government be not sovereign as to any of its objects, they cannot incorporate a company for the attainment of any of its objects. But if, on the other hand, the government is sovereign as to any object, the power, to incorporate companies, if the fit and necessary means for the attainment of that object, must regularly result from and be appurtenant to this sovereignty. This power is not left to inference; the constitution expressly declares that congress shall have power to make all laws necessary and proper to carry into effect the powers delegated, and that such laws shall be the supreme law of the land.

The constitution, it is true, does not, in terms, give the power to incorporate a bank—that instrument details only the objects of the government, and delegates certain general authorities to effectuate the ends for which it was formed. In every case it is silent as to the particular means to be employed or the mode to be observed in the attainment of the object or end. Instead of attempting to specify in any case the means of executing a power, it is silent in that particular in every case, granting to Congress the general power I have just stated, to make all laws necessary and proper to carry into effect the delegated powers. Among the general powers expressly granted, is this—"To lay and collect taxes, to borrow money, to pay the debts and provide for the general welfare of the Union." What wisdom first suggested, the experience of twenty years has confirmed, that a bank is not only a fit but the most useful means of collecting the revenue of the United States. It has been found the readiest and most certain resource from which to obtain and on which to rely, for loans to government; and through its aid, monies for the public necessities have been safely, speedily and without charge placed at the command of government in every part of the Union. The agency of this institution, thus continually employed, places its utility and expediency beyond question. I consider it therefore as "proper," because it is well adapted to its object; as "necessary," because if not the only, it is certainly the best means that can be devised to obtain its ends—And, being both "necessary and proper," to carry into effect the power expressly granted to Congress, "to collect taxes, to borrow money and pay the debts," it must be constitutional.

But, sir, the gentleman from New York says, the United States are not sovereign, and cannot exercise a right of sovereignty, because they depend on the will of the states for existence; for, said he, should the states neglect or refuse to co-

lect Senators or to make the laws necessary for electing Representatives, the federal government would die of its own imbecility. This may be true; the government may cease to exist, yet, while it does exist, there are powers which it alone can exercise without the control or interference of any other authority. To these purposes, assuredly, then it must be supreme, or sovereign. For example—the federal government has power to lay and collect taxes, and to regulate commerce—Is there any power in this country—I speak of moral, not physical power, which can prevent them laying such taxes and making such regulations of commerce as they think fit? The constitution of the U. S. is the act of "We, the people of the U. States"—So are the state constitutions—both are derived from the same source—each is independent of the other and only dependent on the sovereign will of the people, constitutionally expressed. The states have certain powers exclusively confided to them; they may prescribe the descents of estates and regulate distribution of property and other objects of internal police; they are sovereign as to these objects, the federal government is as much so as to the objects within the sphere of its jurisdiction. Yes, Mr. Speaker, obvious, indeed indispensable as is the inference and deduction of the right to incorporate a bank for the management of the financial concerns of the United States, from these premises, gentlemen say it is only an implied power, that no power can be used unless expressly granted in the constitution, and the exercise of implied powers is deprecated as unknown to the constitution, and abhorrent to republicanism and dangerous to our liberties. Let me ask gentlemen, and I pray they will inform me, whether they do not daily act upon implied powers? If not, let them speak in what part of the constitution do they find power to build light houses? Where the power which their President, doubtless with the feelings of a man and the firmness of a magistrate, so freely exercises of removing at pleasure from office men who were appointed with the consent of the Senate? You have committees now sitting, who, under your authority, but without law, compel citizens to attend at their summons without consulting their will or convenience; you have conferred on certain individuals the sole privilege of trading with the Indian tribes—by what authority are all these, and many other acts which have been mentioned in this debate, exercised? If I am answered at all, truth will dictate this reply: the power to do these acts is nowhere expressly granted in the constitution; the authority results from the powers granted, and are necessarily implied as the fit and necessary means of executing the powers which are expressly granted. Yes, sir, whether I am answered or not, the fact is manifest, that the implied powers of the government are not only fairly deducible from the spirit and letter of the constitution, but are essential to the most familiar operations of Congress. And, sir, it is in proof that gentlemen are in the daily habit of exercising, without scruple or reserve, those implied powers, which, when urged in support of the bank, they turn from with affected abhorrence, as if a single glance, like a look at Medusa's head, would turn them into stone! They have repeatedly acted under them, still grasp them with the love of power and the ardor of ambition, and will only quit their hold to that force which shall deprive them of the reins of empire.

The gentleman from Virginia deprecates a bank which shall be connected with the government; he calls this a dangerous union of the sword and the purse, reminds us of the abuse by the British government of the bank of England in obtaining loans and of the public debt of that kingdom. None of those objections apply to the Bank of the United States. The charter of the present bank places the institution beyond the control of the government. It is bound to accommodate the government with loans to a limited amount when required, but this obligation on the bank, although its performance may at times chance to be unfavorable to the institution, is yet connected with no danger to the country, since the one cannot lend, until we the representatives of the people have authorized the other to borrow. The Executive of the United States is to bear the sword, but, sir, congress holds the purse, and it has not been explained to us how the existence of a bank is to render one subservient to the other or to convey the sword and purse into the same hand. I can, however, conceive a plan of a bank which would sharpen the sword of the Executive and give a power to his arm that might be used to the ruin or degradation of our citizens. Adopt the plan which has been recommended, and which is to rise upon the ruins of the present institution, erect one great bank whose branches shall embrace all the states and whose capital shall swallow all the state banks, give to the administration the enormous patronage of the appointment of directors to this institution and place the credit and business of every man connected of necessity with banks at the mercy or pleasure of an Executive or his minions; the commercial and the enterprising must decide either to become flatterers and be favored, or to retain their independence and be ruined. It is this system which would give a dangerous, a detestable power. Your administration, styling themselves Republican, have professed to desire no patronage: I will take them at their word; my vote shall never increase their patronage, or multiply their dependents. The crown, which they profess to have put away, I will not force upon their brow.

As to the bank of England and the British debt, I perceive not the bearing their connection can

have on the question before us. That the British government have made too free use of the ability of the bank to lend cannot expose us to like mischiefs, because our bank cannot lend nor our administration borrow, but by the express authority of Congress. Of the British debt, I know its amount is enormous. Yet, sir, how, and for what purpose has that debt been thus swollen? Perhaps the people of Great Britain owe to that debt the preservation and enjoyment of rights dearer to freemen than their purse. It is, sir, at the cost of that debt, that Great Britain maintains her existence and independence as a nation. She might have submitted without an effort, without expence; and free from debt have sunk under the chains which the tyrant of France, the enemy of the human race, has fastened upon all the kingdoms of continental Europe. Rather than see my country bowed in subjection to that direst of despotisms against which Great Britain has struggled, I would in the spirit of an American cheerfully bear my share of a debt as large as that which has been the subject of remark.

The gentleman tells us, that we have sufficient bank capital without that of the bank of the United States, that the capital of the state banks are equal to the wants of the United States, and that if this institution is continued there will be danger of an excess of paper and the consequent mischiefs to the country. Sir, gentlemen need not feel alarmed on this point: there is no more danger of a surplus capital being employed in banks, than of such surplus being employed in any other business—the thing regulates itself. Bank notes may be emitted, beyond the uses of the country, but you can no more force them into circulation beyond this necessity than you can force purchases and sales of tobacco and flour beyond the consumption of a country. The commerce of every country requires a certain sum of circulating medium; the amount must be ascertained by experience, which alone can shew how much it will absorb and employ. If you emit paper beyond this amount it will of necessity return upon the banks. This discovery is not modern; it is as old as the science of banking, and of the errors of a bank no one is more unfavorable to them than the issues of paper beyond the necessity of the country—for so long as they keep within proper limits it is found they may emit one and two-thirds or two dollars of paper for each dollar of specie in their vaults; but when their issues of paper exceed their limits, the excess continually returns, and instead of one dollar in specie meeting two of paper, a dollar in specie is required to redeem each dollar of the surplus emission of notes. With this restraint upon their issues, banks are kept in due check—and, sir, when the prudent and safe issues, viz. to the amount required by the country, do not yield employment for the capital, the business ceases to be profitable, the capital is directed to other objects and the banking fund is kept at its just level. This, sir, is the necessary and just result of fair banking;—such has been the operation of the bank of the United States, of whose capital, debts, and issues, the government have been weekly informed. It is from the state banks that danger is to be apprehended; of their capital, (I mean not their nominal but their specie capital) of their debts & their resources, we are and must remain entirely ignorant—and we have seen that some of these institutions dishonestly emitting paper beyond the sum authorized by their capital and beyond the necessities of the country, their notes have returned upon them, they have been unprepared to pay, their paper has depreciated and individuals have been defrauded to a vast amount. And such again may be the case if we remove the check, the restraining influence which the large and solid capital of the bank of the United States and its prudent direction has enabled it to exercise over the state banks—the "mushrooms," as the gentleman has called them, which like Jonah's gourd have sprung up in one night and withered in the next.

The gentleman informs us that our exports of domestic products amount only to forty-five millions of dollars, that the capital of the different banks in the United States, at the rate of issues, by the United States bank, may emit ninety millions of dollars, and he infers that a paper medium beyond the amount of domestic exports cannot be necessary. This opinion, sir, needs an elucidation which the gentleman did not give it. Why the amount of produce purchased for exportation should form the measure of circulating medium is, to say the least, not self evident. Nor can I conceive why in calculating the medium necessary or useful for the concerns of the country, we should exclude from view the purchases for internal use as well as for external sale—or lose sight of the repeated use made of the same note or piece of metal in its continued circulation. The circulating medium of a country, *represents*, because it commands, the articles we need and get in exchange for it. What the sum should be my political arithmetic does not teach me, nor does the rule of the gentleman from Virginia. In my opinion experience alone can shew it, as I have before said, viz. that amount which the commercial, agricultural and manufacturing concerns of the country will require and can employ, to be ascertained from the amount of silver and gold in circulation, bank credit, and bank notes issued and not returning upon the banks. It is, I admit, a fact, a proud fact, that the exports of our country have increased from eighteen to forty-five millions. New fields have been opened, produce increased, means of conveyance multiplied, and new markets sought and resorted to. Agriculture, commerce and manufactures have advanced, as they neces-

sarily must, hand in hand, and to the beneficial influence of banks in increasing the capital, encouraging enterprise, stimulating and rewarding the industry of the country, are we indebted for much of this increase.

The testimony which the gentleman has borne to the correct management of the bank of the United States was to have been expected from his information and liberality. The fact previously stated and repeated by him, as a defect in arrangement, that the notes of the bank and its branches are not paid but at the office from which they are made payable is not ground of complaint. The bank and its branches have each but a portion of the capital. Of the branches the largest portion (at New York) only 1,300,000 dollars—and it is absurd to expect that either the branch with this capital, or the others with less, should redeem at all times the notes emitted upon a capital of ten millions; the thing is impossible.

From the opinion advanced by the gentleman, that the state of the bank should rather excite the fears of the institution for its own safety or solvency, than awaken the apprehensions of the community for the effects of its dissolution upon them, I beg leave to dissent. We have had in debate various statements of the affairs of the bank, drawn either from former reports or conjecture. The report of the Secretary of the Treasury, this day laid on our tables, shews the present state of the bank—to this I shall refer for facts.

I here is due to the bank from individuals upon notes discounted,

Other banks owe them for notes and in account	\$14,578,294 25
The government owe, including the late loan, funded debt and treasury draughts	1,287,485 92
	2,807,246 49
They have in gold & silver	18,672,826 66
And in real estate	5,009,567 10
	500,652 77
Making a property to face demands on them	\$24,184,046 53

On the other hand what do they owe? To the holders of their notes in circulation	\$5,037,125 22
—the government for deposits	1,929,999 60
—other banks due in account	634,348 01
—individuals for deposits	5,900,422 83
	8,464,770 44
—balances on outstanding draughts	171,473 17

Making the total amount of their debts

	\$13,673,368 83
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Thus, sir, with a property of twenty-four millions of dollars, they owe less than fourteen millions, leaving the stockholders the original stock of ten millions and a surplus of more than half a million to meet bad debts. But were it otherwise—were it possible that of the debts due them ten millions should never be collected, the loss would affect the stockholders whose original advance would be lost, but the interest of the community would not even then be affected; at least not as creditors of the institution; because even if ten millions, the capital stock, were by any means sunk, the bank would still be solvent, it would even then pay its debts, and consequently must be perfectly safe as regards the community.

Such, sir, is the state of the account on the side of the bank.

How stands the account with the debtors of the bank, or rather with the public?

The bank can demand the debts due it	\$18,672,826 66
Admit the demands upon it are applied as setts off to their full amount	13,673,368 83

The balance still to be raised by the country is

Within a trifle of five millions of dollars.	\$4,999,457 83
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Whence is this sum to come? Not from the vaults of the other banks: they do not possess it. It is stated in the able speech of the representative of the city of Philadelphia, in the Legislature of Pennsylvania, upon the resolution respecting the bank, that the report of the state of all the banks of that state recently made to the legislature shews that all the banks of Philadelphia (excepting that of the United States) have together but little more than one million of dollars in specie: those, who have the best means of information, declare the specie in the banks of New York is not greater, and in those of other cities unquestionably less. The state banks then have not the money and cannot produce it. Will the notes of these banks pay the debt? No, sir, because their notes will be returned upon them for payments which they cannot make. These banks know their own strength or weakness, and that they dread this crisis is manifest from the course they have already adopted; they have curtailed discounts and commenced calling in their debts. The consequences you learn from the moans of your correspondents and from the petitions which daily press your table; the want of money has produced a want of punctuality; confidence is destroyed; the life, the animating spark of business is as it were suspended, and deep distress is fast spreading over the commercial world. Sir, my

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