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Sketches of Debate

LEGISLATURE OF NORTH-CAROLINA, DEC. 13.

MR. CAMERON'S SPEECH,

On the question of extending the charters and increasing the capitals of the Banks of Newbern and Cape Fear.

Mr. CAMERON could have wished that this subject had been brought before the General Assembly without making any attempt to excite jealousy and suspicion against the State Bank, which ought to be considered as the creature of the state, organized for the purpose of redeeming its honor by cancelling the worn out paper currency of the State. He could have wished that in making this application for an extension of their charters and capitals, the stockholders of the Newbern and Cape Fear Banks had treated the State Bank, and those who have the management of its concerns, with that respect to which he considered them entitled.

If it be in the power of the Legislature to grant the prayer of the petitioners; if they can overstep the bounds of the charter granted to the State Bank; if there be a majority of the Legislature determined to gratify the petitioners, a bare application would have been sufficient, without impeaching the conduct of the Directors of the State Bank.

Why was it necessary to appeal to the prejudices of gentlemen by calling their attention to the house at present building for the use of the Bank, which they say overshadows the State House; or why was it necessary to represent the Constitution as calculated to undermine and destroy the liberties of the People of this State?—Could it be with a view of obtaining a correct decision on this subject, that this institution was charged with having changed the political complexion of the county of Wake? Could it be for this, that the gentleman from Newbern called upon the House, in reference to the management of the State Bank, to see the extraordinary sight of the Lion and the Lamb lying down together? What was the object of gentlemen in thus treating the subject, and so obvious to every one?

Indeed, this Institution has produced this wonderful effect, of conciling Federalists and Democrats, by melting down the violence of party spirit, it has certainly been productive of much good in this respect.

But considering all this as foreign to the subject, and as not calculated to have any effect upon the sober judgment of the Legislature, he should leave it, and pass to the subject before the house.

The reasons which led to the establishment of the State Bank ought to be distinctly understood; and if the preamble of the law itself be read, the ground of its establishment is there stated. It is expressly said to be for the redemption of the paper currency—that currency which the State had emitted in a season of extreme pressure, after the example of several of her sister States at the close of the Revolutionary struggle, on the faith of the State. What provision, Mr. C. enquired was made for the redemption of these bills. Turn to the acts of 1783 and 1785, and it will be found that the State pledges itself that a sinking fund tax be laid annually until the whole of these bills shall be redeemed. Yet from the year 1785 to the present time, the collection of this tax has been suspended. Many attempts were made from time to time to have this sinking fund tax enforced, but they always proved abortive.

At length, in the year 1810, a law is passed for redeeming the Paper Currency of the State, by the establishment of a Bank under the name of the State Bank of North-Carolina. Was the passage of this law solicited by any portion of the people of the State? It was not. The act was passed holding out certain conditions to the people on which to subscribe for the stock of the State Bank. And as an additional inducement to subscribers, the 11th section of the act provides, "that no other Bank shall be established by any future law of this State, during the continuance of the corporation hereby created, for which the faith of the State is pledged." Under this assurance, a number of persons came forward to assist the State in accomplishing the object which they had in view in passing the act. Difficulties were, however, in the way on every side. The papers were filled with anonymous writings against the proposed Institution; the idea of withdrawing the paper currency from circulation, and substituting in its place Bank Notes which would always command specie, was deemed altogether visionary and impracticable. These writings had the effect to intimidate many; so that a part of the stock only was subscribed. The act reserved 25,000 shares for the use of the State, to be subscribed for as she could make it convenient to pay for them. The Treasurer insisted that this provision meant that the State should have the whole of these shares at once, and receive full dividends upon them, though she was able to pay for about 5000

only.—These difficulties led to a revision of the law in the following year.

Accordingly during the session of 1811, the Directors of the State Bank were invited to meet a committee of the Legislature to consider this subject. [Mr. C. here read the resolution introduced into the Senate for the purpose of effecting this object.]

Here, said Mr. C. was an invitation from the Legislature to the Bank to appoint a committee to settle all differences and conclude such terms as might be deemed fair and honorable. And is it not strange that gentlemen should now deny the power of the Legislature to make a contract, while they are petitioning them to make a contract in their favour.—Had not the Legislature of 1810 and 1811 equal power with the Legislature of the present day?

This committee being appointed by the Bank, they several times met the committee of the Legislature;—and having at length come to an agreement, each committee submitted the result to their constituents, and the agreement was finally passed into a law.

The gentleman from Newbern (Mr. Stanly) had said that he was authorized by a Republican Member of the Legislature, to state that it was proposed by the State Bank committee to expressly prohibit the renewal of the charters of the Newbern and Cape Fear Banks, but that it had been refused. Mr. C. said he was a member of the Bank committee, and he very well remembered that particular stress was laid by the committee of the Legislature upon the advantages which would be enjoyed by the State Bank from having the exclusive privilege of the Banking Business after the year 1820, and that no such proposition was made by the committee on the part of the Bank, because no one thought it necessary.

This compromise between the Legislature and the Bank being adjusted, a law passed conformably to it, the subscription-books were again opened and a number of additional shares were disposed of. The terms of this compromise were, that the Bank should pay the State full dividends on the 25,000 shares reserved for her use, but that she should allow an interest of 4 per cent on her deferred payment, and that the charter of the Bank should be extended to the year 1835, under the same pledge that no other Bank should be established by any future law during that period.

Here, said Mr. C. we again find the Legislature calling upon the people to come forward and subscribe their money, and in full confidence that the State would preserve her faith inviolate, they came forward and subscribed one million to the capital of the Bank, with which it went into operation, and though from the disadvantages which it has had to encounter, it has not yet been profitable to its stockholders, they have never complained.

But the stockholders of the Newbern and Cape Fear Banks now come forward to ask for an extension of their capitals and of their charters till the year 1835. Let it be remembered, said Mr. C. that the persons who obtained charters for the Banks of Newbern and Cape Fear in the year 1804, obtained *cartes blanc* upon their own terms. The State, it is true, had the privilege of taking a few shares, and their charters were to continue till the year 1820. In the year 1807, the State accordingly became interested to the amount of 25,000 dollars, upon the capital stock of these banks.

What was the state of things when the charters of these Banks were granted. The paper currency was freely received and passed without depreciation. Were these Banks authorized to receive it in payment for their stock? No; they were to receive gold and silver only. The Legislature did not intend to perpetuate the old currency of the State, it was their intention to redeem it.—They expected from these banks a paper of better credit. But what happened in relation to this currency? In a very short time these Banks got a large portion of it into their vaults, and used it as a shield with which to preserve their specie, by offering it in payment for their notes whenever they were presented for payment. So that we had a three-fold increase of our paper money, for their notes were identified with the currency. This increase of the paper currency, as was natural (specie not being to be had for it) produced a depreciation of it, and this depreciation, though disreputable to the State, subserved the interest of the Banks. This depreciation was severely felt by the citizens of this State, especially by that part of them who had dealings in other States. The Legislature felt injurious effects produced by the depreciated state of our circulating medium, and determined upon the establishment of a Bank with a specie capital, by means of which the state might get clear of this depreciated medium, after the example of her sister states, who had all long since called in and destroyed this kind of paper. In South Carolina, a bonfire had been made of it, over which all the citizens of that State rejoiced.

But the Managers of the Newbern and Cape Fear Banks were opposed to the redemption of this paper.—They wished it still to circulate—not for the benefit of the State, but for their own benefit. But the State Bank having engaged to redeem it within a limited time, determined to prevent the local Banks from any longer using it as a shield. They therefore received it from them in payment of their notes until they got the whole from their vaults, and by this means brought them to the necessity of paying their notes in specie when called upon. And this has been charged upon the State Bank as hostility to these Banks, though it was no more than self-defence; for before this was done, the State Bank had to furnish all the spe-

cial that was wanted, while the local Banks secured the same by tendering paper currency.

But it is now complained against the State Bank that they will not receive the currency which these Banks have now on hand. The State Bank having once emptied their vaults of the currency and compelled them to become Specie Banks, their object was attained. A treaty was entered into by the several Banks in which it was agreed that every thing like hostility should cease. Though the gentleman from Newbern says it was not a treaty of amity, but merely a kind of truce to enable each to carry on the war more successfully in future. Whatever may have been the views of that gentleman and his friends in forming this treaty, he could assure the House that it had been entered into with pure motives, and had been observed with good faith by the State Bank and its several Branches: This compact still exists and will continue to be observed by the State Bank with honest faith, not with Carthaginian faith, until mutually dissolved.

But looking at the acts establishing these local Banks, it will be perceived that the Legislature at some future day, contemplated the establishment of a State Bank, as a mark of its sovereignty; for when they chartered these Banks, they expressly stipulated that they shall have no preference to a State Bank. And in the act of 1810, establishing the State Bank, a provision is made for persons holding stock in these Banks to become stockholders in the State Bank. But no; they were in possession of a monopoly—they had filled the State, from the Mountains to the Ocean, with their Notes and Due Bills. They were not disposed to meet the offer made to them—they laughed the provision to scorn. The common report was, that the gentlemen concerned in these Banks said, "we were neither money nor talents in the State; our Institutions equal to the establishment and management of such a Bank was proposed." At all events, the offer was not accepted.—They were unwilling to become partners in the State Bank; but on the contrary threw every difficulty in the way of its establishment.

But now these persons come forward and tempt the cupidity of the Legislature in order to get their charters and capitals enlarged. Though they have been reaping extraordinary profits from their institutions, whilst the stockholders of the State Bank have been spending their time and money in effecting its establishment with but little profit, they now seek to deprive the Institution of the advantages which it has in prospect.—If they thought the charter granted to the State Bank more advantageous to the stockholders than theirs, why did they not in 1810, when they were invited to do

skillful persons; they saw the interest of the State Bank and its several Branches would be attended with a heavy expense, and that for some years, the dividends would of course be small. But now, when the State Bank is overcoming the difficulties incident to all new Institutions of this kind, they come forward, and pray the Legislature to withdraw its countenance from the State Bank and give it to them.

In the act of 1811, in relation to the State Bank, the same attention is paid to the interest of the stockholders in the Cape Fear and Newbern Banks. Contemplating the time when their charters would expire, another opportunity is afforded them of vesting their funds in the State Bank. (Mr. C. read the provision obliging the Directors of the State Bank to open their subscription books for the remainder of their stock in the year 1820.) But now, when the state has a prospect of deriving advantages from the State Bank, the memorialists tempt the Legislature to break its faith with the stockholders. If this question rests on which course would be most profitable to the State, he could demonstrate, that a correct observance of the compact entered into with the State Bank would not only be the most honorable but the most profitable course for the State.

The State holds a capital of 250,000 dollars in the State Bank, though she has paid only 93,094 dollars, of course still owes to the institution 156,906 dollars, upon which sum she allows an interest of 4 per cent. The dividends, as yet, have not exceeded five per cent. per annum; but it may be expected that, in a year or two, its dividends will be 10 per cent. and when this shall be the case, the State will receive an annual dividend from its stock of 25,000 dollars, from which will be deducted the interest of 4 per cent. on the deferred payment of 156,906 amounting to 6,256, leaving a clear income of \$18,744.—Yet these memorialists would wish this Legislature to disregard these advantages, for the sake of the promised profits from the proposed increase of the stock of the local banks, which are altogether illusory, since if they had the authority to increase their stock, it is not believed that subscribers could be found to take it, as the stock already authorized, in one of the Banks, has not been subscribed, and there remains nearly half a million of the Stock of the State Bank unsubscribed.

Mr. C. here corrected a statement which Mr. S. made in relation to the interest received by the Bank from the United States Stock, and then proceeded to answer some of the arguments used by gentlemen to prevail upon the House to break the contract entered into with the State Bank.

He confessed he had heard doctrines advanced on this occasion, which he never expected to have heard maintained in this floor. He did not suppose, that at this day, any member would have come forward to advocate the unlimited power of the Legislature of this State, founded on the doctrine of the omnipotence of the Parliament of Great Britain. He regretted that the gentleman from Anson, who introduced this doctrine, had not read more, or that he had read less on this subject. The extravagant doctrine sometimes held in England as to the powers of her Parliament are not applicable here. The gentleman ought to have attended to our own Constitutions, and the decisions of our own courts, in relation to this matter rather than to have drawn precedents from the British Government.

Mr. C. said he would introduce an authority on this subject, which he hoped would take considerable weight here at least. The gentleman from Anson had said that corporations are creatures of the Legislature and may be continued or annulled at pleasure; that even the exercise in the law establishing the State Bank, which declares that no tax shall be imposed upon it, is a mere nullity; that any future Legislature could nevertheless tax the Bank as they might judge expedient, in a celebrated case tried in the courts of the U. States, before Judge Patterson (Vanburen's Lessee, vs. Dorrance) a very different doctrine is supported.—And surely the decisions of our own courts are better entitled to our respect than any other authority. In this country, every State has its own constitution which is paramount, and all its acts must be in conformity with it. Judge Patterson says, "No legislative acts which are in the nature of contracts, which pervade and govern all cases of contracts." And this is the language of an American Legislator and American Jurist; where the duty of every branch of the Government is distinctly marked out, and each moves within its appointed sphere.

If the doctrine laid down by the gentleman from Anson were correct, that a succeeding Legislature has a right to set aside the contract of its predecessors, the constitution would be a mere rope of sand. Here, said Mr. C. what an enlightened American Jurist says, when speaking on the subject of Parliamentary power, in the case before referred to:

"Legislation is the exercise of sovereign authority. High and important powers are necessarily vested in the Legislative body, acts under some forms of government, are subject to no control, from whence most of our legislative notions are derived. The power of the Parliament is absolute, that it cannot be continued, either in causes or persons, beyond its bounds.—And of this high court, he adds; it may be truly said, *Si antiquitatem spectes, est relictis, sine dignitate, est honoratissima; si jurisdictionem, est capacissima.* It has sovereign and uncontrollable authority in the making, confirming, enlarging, restraining, abrogating, repealing, reviving, and expounding of laws, concerning matters of all possible denominations, ecclesiastical or temporal, civil, military, maritime, or criminal; This being the place where that absolute despotic power, which must in all governments reside somewhere, is entrusted by the constitution of these kingdoms. All mischiefs and grievances, operations and remedies, that transcend the ordinary course of the laws, are within the reach of this extraordinary tribunal. It can regulate or new model the succession to the crown; as was done in the reign of Henry VIII. and William III. It can alter the established religion of the land; as was done in a variety of instances, in the reign of King Henry VIII. and his three children. It can change and create afresh even the constitution of the Kingdom and of Parliaments themselves; as was done by the act of union, and the several statutes for triennial and septennial election. It can in short, do every thing that is not naturally impossible; and therefore some have not scrupled to call its power, by a figure rather too bold, the omnipotence of Parliament. True it is, that what the Parliament doth, no authority upon earth can undo." (1 Bl. Com. 160)

From this passage it is evident, that in England, the authority of the Parliament is not without limits, and rises above control. It is difficult to say what the constitution of England is; because, not being reduced to written certainty and precision, it lies entirely at the mercy of the Parliament; it bends to every governmental exigency; it varies and is blown about by every breeze of legislative humour or political caprice. Some of the Judges in England have had the boldness to assert, that an act of Parliament, made against natural equity, is void; but this opinion contravenes the general position, that the validity of an act of Parliament cannot be drawn into question by the judicial department. It cannot be disputed, and must be obeyed.—The power of Parliament is absolute and transcendent; it is omnipotent in the scale of political existence. Besides, in England there is no written constitution, no fundamental law, nothing visible, nothing real, nothing certain, by which a statute can be tested. In America the case is widely different: Every State in the Union has its constitution reduced to written exactness and precision.

What is a constitution? It is the form of government delineated by the mighty hand of the people, in which certain first principles of fundamental laws are established. The Constitution is certain and fixed; it contains the

Handwritten notes and signatures at the bottom of the page, including names like "Cameron" and "Stanly" and various numbers and scribbles.