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CONGRESSIONAL.

FROM THE NATIONAL INTELLIGENCER DEBATE ON THE BANK HOUSE OF REPRESENTATIVES.

Thursday, June 25.

The bill from the Senate supplementary to the act incorporating the Bank of the United States, (authorising the appointment of a Vice President, &c.) having been read, and the question stated on ordering the same to be read a third time—

Mr. POINDEXTER, of Mississippi, said, that this was a late period of the session, affording no time for a discussion of the bill, and as no absolute necessity could be alleged for its passage, he moved that the same be indefinitely postponed.

Mr. MERCER, of Virginia, addressed the chair, in opposition to the bill. Its object, he said, was to extend the operations of the bank & its branches where already established, and to enable the bank to establish branches where they do not now exist: and, could he suppose that it was likely, without the proposed indulgence, the stockholders would be disappointed in their reasonable expectations of profit from the bank, he should suppress all the objections to it which he found in his breast, in order to perform what he should consider an obligation of public faith. But, he said, there was no reason to apprehend such a result.—The Bank had been in operation about fifteen months, the Mother bank having gone into operation in January, 1817. At the first semi-annual dividend they had declared a dividend of 4 per cent. being at the rate of 8 per cent. per annum. This was at the end of the first six months of actual operation, when all the expenses of the organization of the bank, and putting it into operation, were incurred, and most of course have been charged. Mr. M. said he had heard a gentleman deeply interested in this institution say that the bank would be able to divide at least 10 per cent. per annum, a profit exceeding that of any bank south of the Potomac and north of South Carolina. Congress were therefore not bound, by any considerations of equity or good faith, to do any thing to enlarge the profits of the bank, which would be the effect of the system proposed, and must have been the object of the stockholders in asking for it. Mr. M. said he should not, however, be disposed, were it not in his opinion forbidden by principles of expediency, to deny the opportunity of increasing its gain. Although the stock of the bank was now selling at forty three per cent. above par, he should not refuse a measure which would raise it to an hundred per cent. if he did not feel that the primary interests of the country would suffer by such a course.

It were a sufficient argument against this bill, were there no other, that it would just double the danger of counterfeiting, and the inducements to the commission of this crime; and in so far would deprive the institution of one of the leading arguments in its favor.

But, Mr. M. was opposed to the bill on other grounds. He had no prejudice, he said, against the monied interest. He would protect every one concerned in it by any act of sound legislation—he would not embarrass any of the great interests of the country by a system of narrow legislation. He was not personally a stockholder in any monied institution; he was glad at present that he was not in this interest, because he was called upon to exercise his judgment impartially respecting it. In the country which he represented, the profits of this system of banking, Mr. M. said, had been applied to the most beneficial purpose—education. He was indisposed to narrow the profits of the state banks, by extending the operation of this enormous institution in such a manner as to fetter their operations within limits too narrow for existence. He was not disposed to lend the aid of this house to carry the rills of influence from this institution through every valley and hamlet in the country. Let us suppose, said he, a branch of the Bank of the United States established along side of every state bank, and having every one of them indebted to it; I ask, under what circumstances we shall legislate when called upon, on any occasional pressure, real or imaginary, to suspend specie payments. He looked forward, he said, with apprehension to the extension of this institution. He had been told that the branches only waited the passage of this bill to establish branches all through the state which he represented, and across its mountains. Could it be necessary, for the purpose of enabling the government to collect its revenue, the ostensible object of the establishment of this bank, to establish more than one or two branches in each state of the union? Certainly not; but for the purpose of gain to the bank, branches were to be extended every where; and he asked if any benefit could result to the government from facilitating the means of the bank to carry this object into effect.

Mr. M. said, he was not here when this bank was incorporated; but he well remembered the arguments by which it was sustained. The house and the nation were told, that the bank would establish a uniform currency, and break down the system of brokerage, so justly obnoxious. But, Mr. M. asked, has the predicted effect resulted, even in the very towns wherein branches are established? No; and can it result? Is it possible for the bank of the United States to equalize exchange between the different sections of the country? Can they equivoise the balance of trade between the Atlantic and the western country, until the country manufactures every thing itself? The hope is illusory. The bank, he said, did not even attempt to equalize the exchange between this city and Philadelphia, although the mail passes from the one to the other at the rate of an hundred miles per day. If the attempt has ever been made, it is not from a consultation of the great merits of the country, but from personal regard to the individuals who were to be accommodated.

It was true, Mr. M. said, that, if the treasury persisted in the arrangement relative to the paper receivable at its collectors' and receivers' offices, it becomes important that the paper of the bank of the U. States Bank should have a general circulation. He was willing for one, however, to give his assent to a bill which should restrain such oppression, and compel the Treasury to receive the paper of all banks which pay specie, instead of giving such a preference to the Bank of the United States beyond the requirement of the law, as to make necessary the proposed extension of its privileges. We have given, said he, to this monied interest, a body to act, a head to meditate, and moreover a heart in which, as in every human heart, ambition and avarice have a place. I am unwilling now to give them a power to extend their operations to every valley and to every mountain top, in every state of the union. Let them stop where, when you gave them their charter, you meant that they should stop—where your revenue is collected. I will resist these encroachments as long as I can, and, if I fail in my object, I shall, at least, have the pleasure of recollecting, that I have taken the first opportunity which has offered, to raise my voice against them.

It had been said, that it was necessary to pass this bill, in order to extend the operations of this bank to the extent of its capital. Already, Mr. M. said, the bank had divided its profits at the rate of eight per cent. per annum; and it would be recollected, that, during the existence of the old Bank of the United States, the circulation of its paper never exceeded seven millions and a few hundred thousand dollars. The banks in the interior must depend for profits on the circulation of their paper; but the Bank of the United States, located in the great cities, was not dependent on any such contingencies for its profits. But, what is the ability of the bank to issue paper with its present officers? It has been in operation fifteen months, and has issued seventeen and an half millions of paper, of which the post notes do not amount to seven millions; leaving eleven millions in round numbers, in circulation, and these issued within fifteen months. Give to the bank three years time, and at this rate they will have issued thirty-three millions, and, in five or six years, sixty or seventy millions? And, in time, he had no doubt, they would, without the aid of this bill, supplant all the state institutions. The states, Mr. M. said, had all exacted from the banks they had chartered, heavy premiums; much heavier than that paid by this bank to the United States. The premiums paid by the banks of Virginia had built up a credit for Virginia equal to that of any other state, and made her finances, poor as the state was a few years ago, as substantial as those of any other state. If this were a new question, for the first time agitated; if Congress were about to create a new system, he would concur with gentlemen; he would in that case, have but one bank, and derive all the paper for circulation from one institution which should be regulated, not by a corporation, because the conduct of monied corporations is always ruled by avarice; but by some plan which should ensure the conformity of the measures of the bank to a great national policy, &c. But we have long ago passed that stage; and numerous banks have been incorporated over the country, under the strongest pledge of the faith of the states to support them, &c. and, Mr. M. said, he would not, in his new character of a representative in Congress, do that which he should be ashamed to do in another, by lending his vote to injure the banks which had paid premiums to the states, of an amount which could not be justified by the state of things which must follow the further extension of the Bank of the United States.

As to the suggestion which had been thrown out, that, if the passage of this bill were refused, the bank could accomplish its object by issuing paper in the shape of bills of exchange, Mr. M. asked, if bills of exchange were payable to bearer. He had never seen any such; they are always payable to order. But, if the bank did attempt in that manner to supply a circulating medium, would it not be a violation of their charter? Were gentlemen willing to put such a construction on the act of

incorporation? Mr. M. knew very well, he said, that such an institution may buy half the legal talents of the country, and obtain authority for very ingenious constructions of a plain provision. But, said he, we have the power to restrain avarice, and defeat ingenuity, and I look to that source for some consolation.

He concluded by saying he trusted the motion for indefinite postponement would prevail by a large majority; it had his most hearty approbation. He regretted that it was now too late a period of the session to discuss, as it ought to be treated, a subject so interesting and of which so many views might be taken, that it was impossible, in this brief debate, to do it any thing like justice.

Mr. S. SMITH, of Maryland, said, he had made up his mind to take no part in the present discussion, nor should he have risen, but for an observation, to wit, that the reporter of the bank charter (Mr. Calhoun) had assured the public, that the bank would regulate the exchanges throughout every part of the union. I was not (said he) in Congress when the charter was reported by that gentleman, as chairman of the committee on national currency, but I took my seat before it was called up for discussion, and, having taken a part in the debate, I gave it my attention, and I think I may say, that the assurances were to this effect, "that the bank would tend greatly to equalize the exchanges between the several states and with foreign nations." Has it had that effect? I think it has, and more rapidly than was expected by its most sanguine friends. What was our situation when the bank charter passed? An almost general depreciation of bank notes. The money of Baltimore, and this district, was 20 per cent. less value than that of Boston, 15 per cent. less than that of New-York, and 10 per cent. less than either Philadelphia or Virginia; yet the fact was well ascertained in Congress, that the banks of Baltimore had more specie in their vaults, in proportion to their capital, and notes in circulation, than either the banks of Philadelphia or New-York, and equal to those of Virginia: the difference between the notes of Virginia and Philadelphia, and those of Boston, was ten per cent. The Boston banks paid their notes in specie; no other state banks did. The result was, that the merchants and people of the states, whose banks paid in paper, paid less real value to the treasury, for the duties and taxes, than the eastern people. Baltimore, for instance, paid only 80 dollars, when Boston paid 100 to the treasury. This was a just subject of complaint. How was this to be obviated? Some gentlemen thought the state banks could be coerced to resume specie payments, but Congress had no power over them. That subject was very fully discussed. The state banks believed they could not, with safety to themselves, undertake to resume specie payments. And, although I differed with them in opinion at the time, yet I am now free to confess, that they could not have resumed without the aid of the bank of the United States. Baltimore owed, at that time to New-York, one million five hundred thousand dollars, which debt was thrown principally on the United States branch for payment. Had the banks of Baltimore undertaken to pay their debts in specie, all they had in their vaults would have been drawn out to pay that debt, and the debts due to Virginia, Philadelphia, and Boston. The branch bank discharged those debts in effective money. I have said "that the bank equalized the exchange more rapidly than could have been expected." Yes, sir, in a very few months after its organization, the exchanges from Boston to Richmond were at par, and have so continued. Some difference of exchange exists in Charleston, Savannah, and New-Orleans, but not more than the cost of transporting specie from Philadelphia, perhaps two to three per cent. The facilities given to the eastern merchant, by the bank paper, fully compensates him in his purchases of cotton for that small loss. Bank paper of the United States passes in every part of the United States, in all purchases, equal to gold or silver, and why should it not? All debts due by the bank either for its notes or accounts, are paid in specie, when demanded. I know of no instance where specie has been refused by the bank, or any of its branches to any person having a right to demand it. I speak with confidence when I say none such has occurred in Baltimore. The demand for specie, for the trade beyond the Cape of Good Hope, has been immense—much greater, I understand, than formerly. To meet that demand, and to reinstate public confidence in bank notes, the bank has been under the necessity of importing specie to a large amount. To what extent I know not; but I may venture to say, little short of four millions. And, I understand, they have agents purchasing specie in Europe and the West Indies, which they pay for by bills of exchange purchased from the merchants. Bills of exchange on London, when the bank began were about par in Boston, ten per cent. above par in Philadelphia, twenty per cent. in Baltimore and this District. They are at present one to one and a half per cent. above par at

all these cities, and will soon be at par. From this view, it is evident, that the bank has effected the object relative to the exchanges which had been contemplated by its friends, and this good has been effected without any material injury to any of the state banks. It is true, the bank operates as a check to those institutions. They are now under the necessity of curtailing their operations, and doing only as much business as their capital and deposits will justify. Those banks which are sound, and discreetly managed, will probably divide, in future, 8 per cent. They can no longer inundate the country with paper.

The bank of the United States, as far as I have been informed, has acted towards them the most friendly part. I may say, that they are on friendly terms in Baltimore. Every kind of accommodation that either can, with propriety, give, has been afforded. Harmony, and a good understanding, is mutually useful; and, I have no doubt that the real interest of both will induce a continuance of forbearance and friendship towards each other. The facility of merchants and others transferring their funds from one part of the union to another, without risk, by means of bank drafts, is very great. For instance, does any member want to send money from hence to Boston, New Orleans, Kentucky, or any part of the union, where there is a branch? He has only to apply to the branch bank in this city, and he will receive a check, payable to whom he pleases, on the branch nearest to the place of his residence. If a merchant in Baltimore wants to pay his debt in New-York, he has only to apply to the branch bank, and he will receive a check, payable to his creditor in New-York, on the branch bank there. This, Mr. Speaker, is the common course; but there are times when the balance of trade may be so much against one city, and in favor of another, that drafts of the bank cannot be given, and such cases have happened and will again happen. Whenever they do, the mother bank uses its best endeavors, by a supply of specie, to correct the inconvenience. The gentleman from Virginia, (Mr. Mercer) complains, that he applied at the branch for a check on New York, and was refused. But how did he apply? Did he offer United States bank notes? No, sir—he offered the notes of one of the District banks: and certainly, ought not to have expected, that the branch bank would have given him a check on New York for paper not its own. Every bank, or branch, is bound to take care of itself. The United States own one-fifth of all the stock of the national bank, and ought, and will expect here and caution on the part of the bank and its branches. The gentleman might as well have brought District notes to the branch, and demanded specie for them: for, with the check of the branch, his friend at New York could have demanded specie for its amount. The same gentleman believes, that government did not receive an equivalent for the charter. I differ with him entirely. The United States own one-fifth of the stock, which is paid for, say seven millions in five per cent. stock.

If the bank divides 8 per cent. then the government gain 8 per cent. on its 7,000,000 dollars, say two hundred and ten thousand per annum; or, for twenty years, the charter term, \$4,200,000
Bonus, 1,500,000, with interest thereon, in 20 years, above 3,000,000
Twenty loan offices saved, the bank being bound to do the duty of loan offices, and to pay all the pensions to its own costs, 100,000 dollars per annum, or for twenty years, 2,000,000
Gain in 20 years to the United States, 9,200,000

Thus the actual positive gain to the United States by the bank during its term of twenty years, will exceed 9,200,000. The bank is, besides, compelled, at its own cost, to place money wherever the same may be required within the United States for the wants of the government: for this and the collection and safe keeping of the public money, it has an equivalent in the public deposits. There is one good which has resulted to the treasury from the establishment of the bank, and to which I beg leave to call the attention of the house. It is, that, when the bank began to act, the secretary of the treasury placed with it bank notes of the interior banks to an amount exceeding four and a half million of dollars, which had been received for taxes and public land. Those notes were of no more use to the treasury, than so much blank paper. They would pay no debt.—The bank, by its agents, and its own cost, have realized above three millions of dollars thereof, without injury to such banks. The balance of perhaps one million five hundred thousand dollars, cannot be collected. The banks have not the means of payment and, it is feared, that much of that large sum is in jeopardy. Some have agreed to pay interest, whilst others can do nothing towards payment. The establishment of the bank has effectually cured such evil in future; and will check the interior banks from an intolerable emission of paper, injurious to the credit of bank notes. They are now confined, as they ought to be, to issue notes only in proportion to their capital and deposits. If the United States bank had not been established, the depreciation of bank notes, which had already commenced to an alarming degree, would have continued until they had become little better than continental money, and been ruinous to the country.

What does the bill propose? Simply to authorize the bank to appoint a vice president