

DEBATE ON THE  
BILL FOR ESTABLISHING A BANK OF THE STATE.

[CONTINUED.]

HOUSE OF COMMONS.

December 24.

Mr. Stokes observed, that having been refused the privilege of amending the bill on its first reading, he was again denied that opportunity by the motion of the gentleman from Wilmington, to postpone it indefinitely. This was a mode of legislation which he believed to be unfair, and ungenerous; and it was a course he had not expected from the gentleman from Wilmington.

A bill has been sent from the Senate, which many members friendly to its principle, wish to amend, and without having any chance of doing so, a motion is made to postpone it, which precludes any amendment. This being the situation of the bill, he had expected and earnestly hoped, that the gentlemen in opposition would at least confine their remarks to the principle, and not to the details of the bill. They had been apprised that the friends of the bill wished to have an opportunity of amending it—yet the gentleman from Wilmington has extended his opposition to almost every clause it contains. He has told you that this bank is authorized to issue notes to three times the amount of its specie capital; but he has cautiously endeavored to conceal the fact, that all the local banks in the State have the same power. He has said, that the bank can issue one million of dollars, and has triumphantly asked, where are the funds to meet the demands on the bank for the payment of its notes? He said, he would answer this objection by informing the gentleman, that in addition to the \$300,000 proposed to be raised by the sale of the notes directed to be executed by the Treasurer, this bank will have at its disposal the stock owned by the State in the three local banks, amounting to upwards of \$700,000. It will be strengthened by the deposit of all the public monies belonging to the State and it has the faith of the State pledged for its further support. I believe that, with all these efficient and substantial resources, the gentleman need not be afraid of the solidity of this institution.

With respect to the remarks of the gentleman from Buncombe, Mr. S. said he had but little to say. He has allowed himself too wide a range for me either to attempt, or wish to follow him. He has gone to Greece and to Italy in search of beautiful figures of speech, though he could not perceive their meaning upon this question.—And this has, perhaps, caused him to pay too little attention to those observations that were applicable to the subject before the House. The gentleman quoted Mr. Madison's opinion on the subject of bills of credit. Mr. Madison's opinion is certainly entitled to great weight; but, like all other men, he is fallible. His opinion was overruled by a majority of both Houses of Congress in 1816, in relation to the bill for setting apart the bonus and dividends of the Bank of the United States, for the purposes of internal improvement—and Mr. Monroe's opinion was overruled in the succeeding Congress, upon the same question.

As he was not permitted to have the bill amended by striking out the clause vesting the landed property of the State in the President and Directors of the bank, he should say nothing more on its other provisions; but would vote against its indefinite postponement, in the hope that the House would have the bill before it in such a way as to admit of the desired amendments to be made to it.

Mr. Cooper hoped the motion to indefinitely postpone the bill would not prevail. It had been stated that it was unnecessary to establish the proposed Bank; that if we had not sufficient currency, our produce would be carried out of the State in search of money. The passage of this bill, would not prevent this course, if gentlemen wished to take it. It was said, the notes of the new Bank would find their way into the old Banks—and he asked if the notes of the old Banks would not also find their way into the new? If gentlemen would agree to do without Banks altogether, he would go with them; but he could see no good reason why the State could not establish a Bank as well as individuals. The proposed Bank is calculated to benefit the State; the Banks now in operation were intended for the benefit of individuals. It was true, the State had taken a part of the Stock, and he was sorry that she had taken any share in these institutions.

The gentleman from Wilmington expressed his concern that the State should wish to get profit by a Bank. Mr. C. hoped that the proposed Bank would not take the near cuts which had been practised by the old Banks to make money; but he believed, that if the proposed institution was managed well, it would be profitable.

Mr. Pearson rose, and addressed the Chair as follows:—

Mr. Speaker, I am in favor of the principle of the bill now before the house for consideration; I listened on yesterday with pleasure and great attention to the eloquent and able appeals of the gentlemen who occupied the floor in opposition to the bill; but their arguments failed to produce conviction, and without attempting to follow them through the wide and diffusive field which they occupied, I shall barely state to the house my reasons for voting against the indefinite postponement of the bill; and Sir, as I see on the opposite side gentlemen with whom I have had the pleasure so often to vote this session, permit me to assure them that I do not now differ from them for slight reasons. In ordinary cases, their bare opinion is almost sufficient to form mine, but Sir, in cases of importance, although I would think much, before adopting an opinion different from theirs, still if upon a careful examination I do arrive at a different conclusion, they must excuse me for taking my own course.

I fear, in forming the different sides to this question, prejudice has had more operation than we are aware of; prejudice, is a principle of action that acts insensibly. You seldom see a man willing to admit or even conscious that he is influenced by prejudice. But Sir, when I see those who opposed the present Banks at the last session, now drawn up in support of the new Bank, and those who defended the present Banks now arrayed to a man against the new Bank, am I not justified in inferring, that prejudice has had its effect in forming the sides of this question; and in questions of this kind, where mathematical demonstration is not expected, and point blank certainty cannot be arrived at, when we once take sides, it is very easy to fortify ourselves with specious arguments, and to call the powers of eloquence to our assistance; it is very easy to point out the inconveniences, and magnify the apprehended dangers, to which a different course would expose us. Let me relieve the fears of my friend from Buncombe, whose warm imagination has already shown him the Sheriff's hammer about to strike off that beautiful painting—the statue of the Father of his Country, and this noble edifice, by telling him, that if the motion to postpone had not precluded amendments, an amendment would have been offered, so as only to include the stock and funds of the State, and the proceeds of the sales of vacant land. Let me relieve his fears as to the Directors appropriating all the money of the institution, and disregarding the provisions of the charter, by telling him that the amount of their bonds would have been raised to one hundred thousand dollars, or if he pleases, to two hundred and fifty,—and we would superadd fine and imprisonment, and in this way profit by experience by providing means for getting at any offending officer, without being forced to attack the institution itself, and produce ruin to the country; and let me quiet the apprehensions of my friend from Wilmington, by telling him that the clause authorizing the Directors to require ten per cent on renewals, would have been stricken out, and the directors left to their discretion, so to regulate the issues, loans and collections, as at all times to be a specie-paying bank. To do this, they would be restricted to business paper, on short credits, excluding all accommodation loans. And I will tell them, that provision would have been made for a defect, which even their ingenuity, al-

though so much on the alert, has not detected, by providing that the Directors should not trade in any thing but gold and silver bullion and bills of exchange. So much to relieve their fears.— Upon a motion to postpone, the principle is put at issue. If we show that to be correct, the house will, I trust, refuse to postpone, and we will then endeavor to make the details as perfect as possible. I do not pretend that the object proposed will be entirely exempt from inconvenience, or free from objection, but I am perfectly satisfied that the necessity, the advantages, and the inconvenience avoided, will far outweigh any inconvenience or danger that need be apprehended. For some years the citizens of our State have labored under an enormous load of debt, and the times have literally been hard. This, if not entirely, has been in a great measure owing to the unsoundness of our circulating medium, combined with the fluctuations in its amount at different times. Either of these circumstances is sufficient to produce general distress; but both united, are so destructive of the happiness and prosperity of the citizen, that all governments are bound to provide against them. Our circulating medium is at this time made up of the notes of the present Banks, the notes of the United States Bank, Treasury notes, and the notes of our Sister States. From the language used in the President's Message, I am prepared to see the U. States Bank wind up, and in a few years then their notes will disappear. The Banks of our State, have signified their intention to wind up, and not to seek for a renewal of their charters, and even if they are not now sincere in their intention, the tone of the Legislature and of the country will make them so. Of course, their notes will disappear. The Treasury notes are wearing out, and in a few years we shall have to burn them. Here then a vacancy is about to occur. How will it be filled? We must either make provision for it, or it will be filled by the notes of our sister States. Gentlemen have amused us with golden dreams; have told us of a circulating medium of gold and silver, and pointed to the gold mines. Are we in that primitive state of society, in that very infancy of arts and commerce, when it will be convenient to use the heavy metals as a circulating medium? Or are we in that situation when the history of the whole world shows us that a light and more convenient currency will be substituted? But even admit that we would use the metals—is it possible that gentlemen can entertain for an instant, the idea that we can retain the metals while our sister States are overflowing with paper money? Were we to cast a drop of the pure water of a mountain spring upon the briny ocean, and expect it to remain fresh and palatable we should not be more mistaken; and were we to bale a bucket of water from the smooth bosom of a lake, and expect its place not to be filled by the surrounding fluid, we should not be more mistaken than if we suppose the circulating medium of our State can be withdrawn, and that its place will not be filled by the notes of our sister States! Money, like water, will seek its level. As then, the circulating medium is about to be withdrawn, shall we make provision to fill its place—or shall we suffer it to be done by our sister States? In so many words, shall we supply our own circulating medium, or shall we depend upon our sister States to supply us? The wretched policy of depending upon other States for the supply, is obvious for these very plain reasons—the situation of their Banks will not be known to us, as our own can be by annual investigations and reports. A plain farmer may take the notes of a Bank that has been broken for a month beforehand! We can feel the full force of this reasoning in my section of the State. The Cheraw Bank broke two months before many an honest farmer in Rowan heard any thing of it; and the ten, twenty, or fifty dollars, laid up as the savings of his hard labor, many an honest man, in an instant, found converted to so many pieces of blank paper. Well might he complain of the wretched policy that subjected him to such risks. In addition to the risk of solvency and soundness, we are exposed to fluctuation in the amount of currency—over which we can use no control; and in addition to the risk and fluctuation, is the price we shall have to pay them for furnishing us. Every trade must live, and we must pay them for furnishing us with a circulating medium, in precisely the same way that we pay the English manufacturer for furnishing us with broadcloth; and I assure you this is no small matter. The circulating medium, say amounts to \$1,200,000, we pay for this then, at six per cent, just \$100,000 annually.—And in sixteen years we will have paid the exact amount of our circulation. Gentlemen start at this idea. It is true, sir, we will pay \$100,000 annually as the price of a circulating medium! The profits of a bank, is the interest upon notes taken in lieu of its issues; and it makes no difference whether our citizens go in person and place their notes in bank, and bring home the money, or whether they get the money from persons who have placed their notes in bank, and who, in letting our citizens have the money, will take care to make them pay for the interest which their notes are drawing. In the one case we pay directly, in the other, indirectly; so it makes no difference whether our citizens purchase broadcloth themselves and pay the tariff duties, or whether they purchase from a man who has paid the duties, and takes care to save himself from those who use the article; and it is the same if you multiply the intermediate agents indefinitely. If the merchant pay a small duty, he can let me have the goods cheaper! If the citizen of another State gets his money for less interest, he can let me have it cheaper, by giving more for my produce, or by loaning to me at less interest! Who pays the profits of a Bank? Those that use their notes. Suppose North-Carolina a fair field for their notes to circulate in, they increase their issues.—This increases the amount of notes taken for the issues, and of course there is an increase of profits. Who pays this increase? the citizens of North Carolina, for whose use the increase of issues were made. Those who place their notes in the Bank pay the profit directly; those who use the issue, pay it indirectly! The price then of a circulating medium, if supplied by the U. S. Bank, or the Bank of other States, will drain the State of \$100,000 annually. In this point of view, a supply by institutions like the present Banks, would be much preferable, because the price of the circulating medium would remain in the State. But let me tell the gentlemen who oppose the Bank of the State, if they do so, under the belief that at some more auspicious moment, the charter of the present Banks will be extended, or another institution of a similar character be established, they deceive themselves; the people will not consent to it. They have too much reason to complain; they have too much distress to lay at the doors of the present Banks; they have a right to complain, not merely that the Banks violated their charters by speculating in cotton, in U. S. Bank stock, and in their own notes; not merely that they required an exchange of good notes for bad, as the condition of loans; but that they made unrighteous gains, by making them pay for a circulating medium that was not sound. The profit of a Bank is made upon its credit; if it make profit upon a greater amount than it sustains, the profit is unrighteous; and this unlawful gain comes not solely from the individual who directly loses eight, or ten per cent by exchange, but from all who use the paper. The storekeeper makes the farmer pay a greater per cent, because he receives money upon which he loses in exchange, and his loss must be made up. And yet I fear this opinion does prevail; otherwise why do the friends of the present Banks, oppose the new, to a man? They tell us the new Bank will benefit the present Banks, it will bring money into the country which will very soon be picked up and laid away snugly in their vaults. There are many gentlemen opposed to the new Banks, who although interested, would not, I believe, be willing to see the present Banks benefited at the expense of the State. But it is strange, if there be not some among them willing to permit the state to benefit them! Can it be that they are saturated with unrighteous gain? and their consciences say, hold, enough. Are Banking institutions profitable? We should suppose so, when we see Banks springing up all over the Union and, wherever a field is opened, and we know so, when we recollect that two of our institutions are

willing to pay the State an annual tax of \$6000, and the other permits the State to own and draw 12 per cent. dividends, besides bonuses upon stock that it has never paid for, and upon which it only pays 4 per cent. but they say, for the State to make which it a Bank, is taking with one hand to put in the other. They are mistaken, it is a truth tested by Scotch sagacity, that "a penny saved is a penny gained." If we pay the price of a circulating medium to other States or institutions, like our present Banks, we must still pay tax to carry on our government, but if the price is paid to ourselves, it may answer in place of taxes. But let me not be understood as meaning to say, that profit is the object of the new Bank—the supply of a sound circulating medium is the primary object. If profits necessarily follow, it will show the prospering condition of the institution; and if a price must be paid, let it be paid to ourselves!

(Mr. Pearson's Speech to be continued.)

CONGRESS.

SENATE,  
Monday, May 10.

On motion by Mr. King, the Senate resumed, as in committee of the Whole, the bill entitled "An act to reduce the duties on coffee, tea and cocoa," together with the amendments reported thereto by the committee on Finance; and on motion by Mr. Grundy to lay the bill and amendments on the table, it was determined in the negative, as follows:—Yeas 17. Nays 28.

The Senate then proceeded to the consideration of Executive business, and at half past 4 o'clock adjourned.

Tuesday, May 11.

The bill "to reduce the duties on Coffee, Tea, and Cocoa," was, on motion of Mr. Silsbee, considered in committee of the Whole, with the amendments reported thereto by the committee on Finance; and the amendments being in part agreed to,

On the question to agree to the 2d amendment, as follows: "And from and after the thirty first day of December 1830, the duty on salt shall be ten cents for every fifty-six pounds, and no more."

It was rejected 20 to 26, both our members voting for it. The remaining amendments reported by the committee being agreed to, the bill was further amended, and the amendments being concurred in, were ordered to be engrossed and the bill read a third time as amended.

Agreeably to the order of the day the consideration, of the motion of the 1st February last, to postpone the subscription to the Compilation of Public Documents, proposed to be published by Gales and Seaton, until an appropriation be made by Congress for that purpose, was resumed, with the amendment reported thereto by the committee on the Library of Congress, and after debate,

The Senate adjourned on motion of Mr. Grundy. At 12 o'clock, the Senate resolved itself into a High Court of Impeachment.

The Sergeant-at-Arms returned the Writ of Summons, with his proceedings thereon, i. e. he had served the same on James H. Peck, on Thursday last, in the City of Baltimore, and had left with him a copy thereof; to the truth of which he was sworn by the Secretary.

Proclamation was then made that James H. Peck appear and answer the article of Impeachment, and he accordingly appeared, attended by Mr. Wirt, as his counsel; and being seated within the bar, The Vice President informed Judge Peck that the Court was ready to receive his answer.

Judge Peck rose, and addressed the Senate as follows: Mr. President: I appear in obedience to a summons from this honorable Court, to answer an article of impeachment exhibited against me by the honorable House of Representatives; and I have a motion to make which I request may be done by my counsel.

The Vice President having signified the willingness of the Court to receive the motion,

Mr. Wirt rose, and having read reasons therefore, submitted the following motion in behalf of Judge Peck.

1. That a reasonable time may be allowed me to prepare my answer and plea, and for this purpose, I ask until the 25th day of the present month.
2. That after my answer and plea shall be filed, process for witnesses may be awarded to me, and a reasonable time may be allowed to collect my witnesses and proofs from the State of Missouri.

Mr. Webster then submitted the following order: Ordered, That James H. Peck file his answer and plea with the Secretary of the Senate, to the article of impeachment exhibited against him by the House of Representatives, on or before the second Monday of the next Session of Congress.

Ordered, That the Secretary notify the foregoing order to the House of Representatives, and to James H. Peck. Mr. Bibb moved to amend the order, by striking out the "second Monday of the next Session of Congress," and inserting the "twenty-fifth day of the present month," which was agreed to; and the order was then made as amended. (Adjourned to the 25th.)

HOUSE OF REPRESENTATIVES.

Monday, May 10.

A number of petitions were presented, and referred. Mr. Potter moved the following resolutions:

1. Resolved That the Constitution of the United States confers no power on Congress to establish a corporation with authority to manufacture Money out of paper, and circulate the same within the limits of any of the States.
2. Resolved, That if such power existed in Congress, it were unwise and inexpedient to exercise it, and especially to the extent contemplated in the present charter of the Bank of the United States.
3. Resolved That the paper money, or banking system generally, is in its tendency ruinous to the interests of labor, and dangerous to the liberties of its people.
4. Resolved, therefore, That this House will not consent to the renewal of the charter of the Bank of the U. States.

Mr. Potter moved to lay these resolutions on the table, and the Ayes and Noes being ordered on the call of Mr. Reed, the question was put and decided in the affirmative, Yeas 89, Nays 66.

The other business on the table having been postponed, the House proceeded to the consideration of the Bill reported by the committee on Manufactures.

Mr. Burges then addressed the committee in support of the bill for nearly four hours, and when he concluded—

Mr. Bouldin, of Virginia, followed on the other side, and spoke nearly two hours against the protecting system, and in reply to its advocates.

Mr. Martindale, of New-York, next rose, and addressed the committee an hour in defence of the policy of the "protecting system.—When Mr. M. had finished, no other gentleman rising to speak.

Mr. McDuffie took the floor, for the purpose of replying to those who had opposed his amendment; but it being nearly 6 o'clock he moved that the committee rise. The committee rose accordingly; and the House adjourned.

Tuesday, May 11.

Mr. McDuffie, from the committee of Ways and Means, reported a bill making a re-appropriation of a sum heretofore appropriated for the suppression of the Slave Trade. Committed.

The House resumed the consideration of the bill concerning Navigation, &c. Mr. Strong continued the remarks which he commenced yesterday, until the expiration of the hour, without having concluded. The remainder of the sitting was spent, till past 7 o'clock in the evening, on the Tariff Bill.

After Mr. McDuffie's closing speech, and some brief rejoinders from other gentlemen, the question was taken on his repealing amendment, and negatived, Ayes 63, Noes 112. A substitute for the bill was then offered by Mr. Buchanan, embracing a system prepared principally by the Secretary of the Treasury, for the prevention of frauds on the revenue, by the appointment of assistant appraisers, &c. &c. which was agreed to, with the consent of the Chairman of the committee on Manufactures. On the motions of Mr. Scott and Mr. Howard, amendments were introduced, modifying the duty on iron imported for rail roads, &c. Thus amended the bill was reported to the House.

In the House, Mr. McDuffie's amendment being renewed by him, the first branch thereof, proposing a repeal of the tariff of 1828, was negatived, Yeas 63, Nays 120.

Mr. Barringer then offered an amendment, proposing a reduction of the duty on salt, to 15 cents a bushel after September next, and to 10 cents, a year after that time; which amendment, after debate, was agreed to, yeas 103, nays 83.

Mr. Wilde then proposed an amendment, embracing substantially a simple repeal of the tariff act of 1828, which motion was negatived—69 to 119. Mr. Gorham then, in consequence of the decision of the House respecting the duty on salt, moved a reconsideration of the vote on that branch of Mr. McDuffie's amendment which related to the duty on iron, hemp, flax, &c. This motion was still under debate, when, at half after seven o'clock, and after negating various previous motions to adjourn, the House adjourned.