



AND
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Only in the place of fair, delightful Peace,
Unwieldy by party rage, to live like Brothers.

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DEBATE on the BANK BILL.

House of Commons, Dec. 17.

The bill for redeeming the Paper Currency, and establishing a State Bank, being under consideration; the blanks having been filled, and sundry amendments made in the bill,

Mr. W. W. JONES observed, that he was about to make a motion, which might be said to be intended to produce delay, though this was not his object. The bill had undergone so many alterations, that he did not know what it contained. He moved, therefore, to have it printed, and made the order of the day for to-morrow.

Mr. SAWYER objected to the motion for printing before the bill passed its second reading. After it shall have passed, he should have no objection to its being reprinted.

Mr. JONES hoped the bill would be printed, before gentlemen were called to vote upon it; for he had no doubt there were many in the same situation with himself, who were ignorant as to the contents of the bill.

After some further remarks from Mr. WILSON and Mr. SEAWELL, against the motion for printing, and from Mr. JONES and Mr. NORWORTHY, in favor of it, it was lost, 75 to 49.

The bill was then put on its passage. Mr. H. G. BUXTON said, it was not his intention to have made a single remark on the passage of this bill; because, as the subject was entirely new to him, he did not expect to throw any light upon it.

The bill, in its details, was, perhaps, very correct. Gentlemen, apparently conversant on the subject, had taken pains to make it so. But the first enquiry ought to be, is it for the true interest of this State that this Bank should be established? It is true, that in commercial countries, Banks are of great advantage. In England, where the whole nation is concerned in commerce, Banks are necessary institutions; because there it is necessary, on some occasions, for individuals to raise large sums of money to answer particular purposes, which could not be so well come at in any other way. Banks, he believed, were also very convenient establishments in the Northern and Eastern States where much commerce is carried on; but in North-Carolina, the capital of the country is not in the hands of merchants, it is in the hands of the Farmers and tillers of the Earth. And would this Bank, Mr. B. asked, be of any benefit to this description of persons? Would it not rather be a tax on industry? At present, whenever a farmer makes a contract, he relies upon the produce of his farm to enable him to complete it; but if this Bank should be established, and sold out to farmers an opportunity of getting money, independent of their farms, would it not have the effect to weaken their exertions and lessen their industry. He feared it would have this injurious effect. He should be glad, however, to hear the remarks of gentlemen in favor of the bill; but, at present, believing that it would produce no good effect to the community at large—no advantage to the Farming Interest, he should vote against it.

Mr. M. E. SAWYER said, it might be supposed, that he who brought forward this bill, and had spent so much time upon it, should be disposed to say something in favor of its passage.

The advantages which would arise from a National Bank in this State, are so evident, that he wondered the establishment had been so long delayed. Every State in the Union, he believed, had such an institution, and they had every where been found beneficial. The principal benefit derived from banks, is the increase of commerce wherever they are established. This is a fact which is proved by history. When the Bank of Scotland was first established, we are informed the commerce of that country was in quite a languishing state—but, in less than fifteen years it was more than doubled. In the northern States of this country, Banks have not only increased commerce but invigorated Agriculture; they have also produced fine roads, bridges, canals, and every other improvement in that country. And would not the same causes produce the same effects in N. Carolina? They certainly would. This Bank would not only be useful to merchants, but to farmers, and every other class of people.

The gentleman from Mecklenburg seems to be apprehensive that this Bank would prove a tax upon labour. For his part, he considered money as a greater

stimulus to labour than any thing else. When a man knows he is to receive a reward for his industry, it is some encouragement to him to persevere.—When he can sell whatever he can produce at a ready cash price, instead of disposing of it at any price, to be paid for at some future period, his exertions will receive a fresh incentive. Every gentleman is acquainted with the scarcity of money in the country; and it is well known that we are indebted to the Northern States for purchasers of our produce for want of a sufficient capital amongst ourselves. It is customary when we have large quantities of wheat, corn, or other produce on hand, and it bears a high price for exportation, for the merchants of New-York and Philadelphia to send on money to purchase these articles for their account, at the current price here and upon which they make from 50 to 100 per cent. profit. Whereas, if our merchants could command a sufficient capital, these profits would remain in the country. In that case, if the farmer sold at the same price, he would have some chance of regaining a part of these profits.

Another benefit arising from Banking Institutions, they never fail to lessen the interest of money. There is no farmer scarcely, who does not occasionally want money, for improving his farm or stock, and but few who could not afford to pay six per cent. per ann. for its use until he could repay it. That these establishments lessen the price of interest, we need only refer to the establishment of the Bank of England. When that Bank went into operation, interest of money was 10 per cent. It soon sunk to eight; and now the Government can borrow at 3, and individuals at 4 and 5 per cent. The same thing may be observed in our own country. In the Northern States the rate of interest is lower than here. These establishments effectually destroy note-shooters. They cannot exist within the atmosphere of a Bank. So far, therefore, from being a tax on labour, this Bank would tend greatly to increase it. It would produce the best effects upon the internal state of our country, by encouraging associations for the accomplishment of every desirable object. Our rivers would be made navigable, our roads improved, & every thing which the genius of man, and the use of money could effect, would be obtained.

Mr. T. BROWN was ready to acknowledge with the gentleman from Edenton that Banks, established upon honorable and beneficial terms, are of great service to a country; but he was opposed to this bill in its present dress, and would mention his objections.

In the first place, if this bill passes, our paper currency will immediately depreciate in value, by raising a prejudice against it, and by pointing out a time when it shall cease to be a tender.

It will open a field for speculation. Persons who hold small sums in currency, rather than be at the trouble of bringing it to the Treasury to be exchanged for Certificates, would dispose of it for less than its value.

This bill would have an effect upon contracts. Individuals, when about to make sale of any property, would make a condition that they would not receive paper currency, but be paid in specie.

The Certificates to be issued in lieu of the currency, will be of less value than the paper currency, because it is to bear only an interest of 3 per cent. Its bulky nature would make it less convenient, and it was to be transferable agreeably to rules to be fixed by the Treasurer, and at present unknown.

There is no provision in this bill for the paper currency at present in the Banks of Newbern and Cape Fear.—Some way of redeeming this currency ought to be pointed out. It would not answer their purpose to receive for it, Certificates bearing an interest of 3 per cent. They could not issue notes upon these, as they now do upon the currency.

This bill will bring an additional expence on the State. It imposes great duties upon our Comptroller, and he must be allowed either an additional salary, or a clerk.

He thought the Capital Stock of 1,600,000 dollars of which this Bank was to consist, would place immense power in his hands of a few individuals, who, when once chosen, it would be hard to remove. The Treasurer was also vested with too great power. He was to subscribe for all the shares held by

This provision was afterwards struck out of the bill.

the State, and to use the votes incident thereto as he pleases.

The State has too small an interest in this Bank. Too little consideration is given for the great privilege proposed to be granted to individuals. If the State grants this charter, it ought to be well paid for it. The establishment of this Bank is placing a bar in the way of a Branch of a National Bank. He would much rather instruct our Representatives in Congress to endeavor to get us a Branch of the National Bank, and to oppose any Bank establishment which should not offer us this accommodation.

When this bill is passed it becomes a charter which cannot afterwards be touched. It could only be shaken by a convention. We ought to be careful how we pass it. Too many of us are sorry that the charters already in existence were granted. It is no common vote, we ought to be cautious, therefore how we give it.

Mr. V. ALLEN observed, that except the State Bank went into operation, the paper currency was not to be touched. He would suppose, however, that the Bank would go into operation. A provision is made for creating a demand for the certificates which are to be issued in the place of the paper money, by making the fourth instalments of the Bank shares payable in them. If the Certificates, after they are paid into the Bank, depreciate, the loss will fall on the Bank, and not on individuals.

It has been said, that it will be extremely inconvenient for persons holding paper currency or certificates, to bring them to Raleigh. They will be saved that trouble. The subscribers for Bank shares will seek out for them. We shall see persons attending every public meeting to collect them, for the purpose of making good their fourth instalment.

It has been asked, what will become of the paper currency in the Banks of Newbern and Cape Fear. The provision in the Bill embraces that, as well as any other.

It has been observed, that the State has at present too little share in the capital. It might be increased, if gentlemen thought it desirable. He had thought of proposing an increase. It could still be done.

The gentleman from Bladen has said that the proposed establishment will be in the way of a National Bank, and therefore ought not to be supported.—Mr. A. said he was as ardent a friend to the establishment of a National Bank as that gentleman; but he almost despaired of seeing it. A recent event (meaning the Reporter supposes, the Loan lately obtained from the Bank of the U. States by the Secretary of the Treasury) had convinced him that there is little chance of that plan being adopted.

But suppose a National Bank should be established, the steps proposed to be taken by this bill, will be so much towards putting it in operation. The capital could be transferred over to it, as he believed in such an event there would not be a dissenting voice.

The gentleman from Mecklenburg had expressed some doubts as to the expediency of erecting Banking Establishments in this State. It ought to be recollected that this question is not now to be decided. We have already two Banks in operation, which cannot be put down. They exist by charter, and will continue to exist until the year 1820.—These Banks having but a partial operation in the State, it is become highly necessary to remedy the inconvenience.

At present fifty or sixty men have the whole direction and interest of these Banks. The State Bank is intended to distribute this power to every freeman in the State who feels inclined to possess, and has the means of purchasing one of these Bank shares; and Mr. A. asked whether it would be better to have this power in the hands of fifty or sixty persons, or in several thousands?

It has been asked out of doors, if the Legislature is about to establish a monied Aristocracy. Banks, as has been already observed, at present exist. We are now proposing to distribute the power; to take it from the hands of a few and place it in those of many.—There is the same sovereign power in every Nation, whether the government

be a Democracy, an Aristocracy or a Monarchy. Being a Republican, he did not wish to see large powers (such as are connected with a Banking Establishment) in the hands of an individual or a few who might abuse them—he thought they would be safer in the hands of a large number, extended over the State.

The gentleman from Mecklenburg supposed that when men would borrow money from the Bank they would be less industrious than heretofore. Mr. A. could not see any ground for this apprehension. When men borrow from the Bank they expect to repay, and their industry would be excited to make good their engagements.

This Bank will have a tendency to promote the improvement of our country. To look at our laws, North-Carolina would be supposed to be farther advanced in opening canals, cleaning rivers, &c. than any of her sister States; but these laws are not carried into effect for want of funds. This Bank will create funds, and our public works will in future be completed.

It is admitted, on all hands that our paper currency is become a nuisance.—This bill provides for its redemption. How? By taxing the people? No. The State Bank, by its operations, will take out of circulation the whole of the paper currency, without taking a shilling from the pockets of the people. All that is wished is, to have the use of the capital owned by the State in the funds of the U. States, and the capital held by the State in the two Banks of this State.

This Bank, it is supposed will divide from 10 to 12 per cent. on its shares. It will not make so large a profit as the present Banks, because they being protected by the paper currency, can issue notes to any amount. He believed they had not, for some years, divided less than 21 per cent. And shall we let them go on and make these enormous profits and refuse to let the Government and People partake of them?

Mr. A. could see no evil which could arise from the proposed establishment. If we had no Bank, we should have the Bank Notes of other States, without any of the advantages accruing from the institutions. He had been informed, that the State of Delaware had a Bank which passed its notes over into Pennsylvania on the one side, and Maryland on the other. This being the case, he thought we ought to secure to ourselves the advantages to be derived from a well-regulated Bank within our own State.

We have, said Mr. A. had an United States Bank in our country for 30 years—but we have had no branch of it in this State; the Directors could not be got to establish one while our paper currency had an existence; while that remains, they will not trust any part of their capital here. Those gentlemen, therefore, who are friendly to a Branch National Bank will promote their object by voting for this bill.

He should not repeat what he had said on a former day respecting our paper money. But he would state, that a few days before he left Newbern, he met a stranger who told him that he came from the Northward, that he had been selling Goods in this State, and that he had paid a discount of one thousand dollars to get the money he had received for them, exchanged into specie or such notes as would pay in the northern market. Who, is it supposed, lost this money? Did the loss fall upon this merchant? No; it did not. The persons who bought his goods paid it.

Mr. A. appealed to every member of the house for the truth of the depreciated state of our present circulating medium. When negroes or land are offered for sale, a less price will always be taken in hard money than in currency. Our property, on account of this depreciation, is therefore worth less by from 5 to 10 per centum than it ought to be.

It was stated by the gentleman from Wilmington, that dollars had been sold in that town for 2 per cent. above par. The fact is admitted. For four or five months, out of eight years, this has happened. The price of Naval stores had been much higher than usual, and the merchants were able to make their remittances this way, and receive a considerable surplus back, so that for a short period, he believed northern bills and notes and dollars, were at par; but this was a mere fortuitous circumstance.—10,000 barrels of Tar, instead of being sold at \$24 (the usual price) had brought 34; and this extraordinary demand and

high price, had produced this influx of northern paper and cash, which would cease with the causes which produced it.

Mr. T. BROWN observed, that the gentleman from Newbern had stated that the paper currency could not depreciate, as there was a provision in the bill for receiving it in part of the Bank instalments; but this did not obviate his objection. It would be some time before this instalment was to be paid, and he apprehended his constituents would suffer by the currency in their hands in the mean time.

It was not so much for the house to consider what would be beneficial to the Bank, as what would be serviceable to the State; and, as he had before observed, he did not think the interests of the State were sufficiently considered in the bill as it now stands.

As to the Banks of Newbern and Cape Fear, he had no doubt, they wished to see the paper currency destroyed. He did not care so much for them, as for those who have deposited their money in those institutions. Those Banks will continue to pay their notes in paper currency; and if this bill passes, and he had a considerable sum in those Banks, would he wish to receive it in paper currency? He would not be willing, and he was afraid individuals would be injured in this way.

He had another objection to this bill. He was opposed to the withdrawing from the funds of the United States, the stock which the State holds, to place them in this Bank—to embark in a scheme which has been once tried and failed. Those funds, at present, are safe, and pay a good interest, and he did not wish to place them in any hazard, or to lose the benefit which we at present derive from that source.

Mr. SAWYER said, the gentleman from Bladen could not have attended to the details of the bill, or he could not, for a moment, entertain an idea that this bill would cause the paper money to depreciate. With regard to the objections urged against withdrawing the stock held by the State from the funds of the U. States, the gentleman must know that the evidence of this Stock is at present in this place, and all that would be necessary would be to make a transfer on the Books of the Commissioner of Loans; and so far from losing any thing by the transfer, the State would gain at least 3 or 4 per cent. by it, as the dividends of the Bank would so far exceed the interest at present received from that stock.

Mr. J. CAMERON said, as this was a question of great importance, he would state the reasons which would govern his vote. He was one of those who was anxious that the further consideration of this bill should have been postponed until the bill was reprinted, that the friends and enemies of the bill might have known what it was; for it had undergone so many alterations that he confessed he did not know what it at present contained. But the majority insist upon the house voting in the dark, and their voice could not be resisted.

Mr. C. had not been convinced that Banks are useful institutions. He had always believed, that when established under proper regulations, in a commercial country, they offer to men of speculation a mean of increasing their wealth which cannot be had without them.—But he did not know that this speculative wealth was desirable in this country. Where Banks are established, it is impossible to ascertain what a man is worth—men in desperate circumstances may appear to be possessed of as much wealth as their richer neighbors. But, perhaps, he had not taken so enlarged a view of the subject as other gentlemen; his impressions, however, were, that Banks are rather injurious than beneficial institutions. He would take some notice of the bill before the house.

The most prominent feature of the bill, and to which he had objected on a former reading, is that which provides for the redemption of the paper money. This provision is materially altered since the bill was last under consideration.—The interest of the certificates to be issued in place of the currency, is altered from 6 per cent. to 3 per cent. during the continuance of the Bank charter, and 6 per cent. after it shall expire.—This made the provision more objectionable to him than it was before. For individuals are to be compelled to deposit their paper currency in the hands of the Comptroller, and to receive in lieu thereof certificates bearing an interest

* The shares allotted to the State have been since increased to \$250,000, and the Bank is to receive, the paper currency, for one fourth of its shares and let it lie in its vaults without interest until it is redeemed by the dividends accruing to the State on its shares.