



AND

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ANNUAL TREASURY REPORT.

[CONCLUDED.]

3dly. *Proposition relating to the National Circulating Medium.*

The delicacy of this subject is only equalled by its importance. In presenting it, therefore, to the consideration of congress, there is occasion for an implicit reliance upon the legislative indulgence.

By the constitution of the U. States congress is expressly vested with the power to coin money, to regulate the value of domestic and foreign coins in circulation, and (as a necessary implication from positive provisions) to emit bills of credit; while it is declared by the same instrument, that "no state shall coin money, or emit bills of credit." Under this constitutional authority, the money of the United States has been established by law, consisting of coins made with gold, silver and copper. All foreign gold and silver coins, at specified rates, were placed, in the first instance, upon the same footing with the coins of the United States, but they ceased, (with the exception of Spanish milled dollars, and parts of such dollars,) to be a legal tender for the payment of debts and demands in the year 1809.

The constitutional authority to emit bills of credit, has also been exercised in a qualified and limited manner. During the existence of the bank of the United States, the bills or notes of the corporation were declared by law, to be receivable in all payments to the U. States; and the treasury notes which have been issued for the services of the late war, have been endowed with the same quality. But congress has never recognized by law the notes of any other corporation; nor has it ever authorized an issue of bills of credit to serve as a legal currency. The acceptance of the notes of banks which are not established by the federal authority, in payments to the United States, has been properly left to the vigilance and discretion of the executive department; while the circulation of the treasury notes employed either to borrow money or to discharge debts, depends entirely (as it ought to depend) upon the option of the lenders and creditors to receive them.

The constitutional and legal foundation of the monetary system of the U. States is thus distinctly seen; and the power of the federal government to institute and regulate it, whether the circulating medium consists of coin or of bills of credit, must in its general policy, as well as the terms of its investment, be deemed an exclusive power. It is true that a system depending upon the agency of the precious metals, will be affected by the various circumstances which diminish their quantity or deteriorate their quality. The coin of a state sometimes vanishes under the influence of political alarms; sometimes in consequence of the explosion of mercantile speculation, and sometimes by the drain of an unfavorable course of trade. But whenever the emergency occurs that demands a change of system, it seems necessarily to follow, that the authority which was alone competent to establish the national coin, is alone competent to create a national substitute. It has happened, however, that the coin of the U. States has ceased to be the circulating medium of exchange; and that no substitute has hitherto been provided by the national authority. During the last year, the principal banks established south and west of N. England, resolved that they would no longer issue coin in payment of their notes, or of the drafts of their customers, for money received upon deposit. In this act, the government of the United States had no participation; and yet the immediate effect of the act was to supersede the only legal currency of the nation. By this act, although no state can constitutionally emit bills of credit, corporations erected by the several states have been enabled to circulate a paper medium subject to many of the practical inconveniences of the prohibited bills of credit.

It is not intended, upon this occasion, to condemn, generally, the suspension of specie payments; for appearances indicated an approaching crisis which would probably have imposed it as a measure of necessity, if it had not been adopted as a measure

of precaution. But the danger which originally induced and perhaps justified the conduct of the banks, has passed away; and the continuance of the suspension of specie payments, must be ascribed to a new series of causes. The public credit and resources are no longer impaired by the doubts and agitations excited during the war; by the practices of the enemy; or by the inroads of an illicit commerce: yet the resumption of specie payments is still prevented, either by the reduced state of the national stock of the precious metals; or by the apprehension of a further reduction to meet the balances of a foreign trade; or by the redundant issues of bank paper. The probable direction and duration of the latter causes, constitute, therefore, the existing subject for deliberation. While they continue to operate singly or combined, the authority of the states individually, or the agents of the state institutions, cannot afford a remedy commensurate with the evil; and a recurrence to the national authority is indispensable, for the restoration of a national currency.

In the selection of the means for the accomplishment of this important object, it may be asked—1st. Whether it be practicable to renew the circulation of the gold and silver coins?—2dly. Whether the state banks can be successfully employed to furnish a uniform currency?—3dly. Whether a national bank can be employed more advantageously than the state banks for the same purpose?—And 4thly. Whether the government can itself supply and maintain a paper medium of exchange, of permanent and uniform value, throughout the U. States?

1st. As the United States do not possess mines of gold or silver, the supplies of those metals must, in a time of scarcity, be derived from foreign commerce. If the balance of foreign commerce be unfavorable, the supply will not be obtained incidentally, as in the case of the returns for a surplus of American exports, but must be the object of a direct purchase. The purchase of bullion is, however, a common operation of commerce; and depends, like other operations, upon the inducements to import the article.

The inducements to import bullion arise, as in other cases, from its being cheap abroad, or from its being dear at home. Notwithstanding the common notions in South America, as well as in Europe, there is no reason to believe, that the quantity of the precious metals is now (more than at any former period) insufficient for the demand throughout the commercial and civilized world. The price may be higher in some countries than in others; and it may be different in the same country at different times; but generally, the European stock of gold and silver has been abundant, even during the protracted war which has afflicted the nations of Europe.

The purchase of bullion, in foreign markets, upon reasonable terms, is then deemed practicable; nor can its importation into the United States fail eventually to be profitable. The actual price of the gold and silver in the American market would in itself afford for some time an ample premium; although the fall in the price must of course be proportionable to the increase of the quantity. But it is within the scope of a wise policy, to create additional demands for coin, and in that way to multiply the inducements to import and retain the metals of which it is composed. For instance, the excessive issue of bank paper has usurped the place of the national money; and under such circumstances gold & silver will always be treated as an article of merchandise; but it is hoped that the issue of bank paper will soon be reduced to its just share in the circulating medium of the country; and consequently that the coin of the United States will resume its legitimate capacity and character. Again; the treasury, yielding from necessity to the general impulse, has hitherto consented to receive bank paper in payment of duties and taxes; but the period approaches when it will probably become a duty to exact the payment either in treasury notes, or in gold and silver coin of the United States. Again; the institutions which shall be deemed proper in order to remove existing inconveniences, and to restore the national currency, may be so organized as to engage the interests and enterprise of individuals in providing

the means to establish them. And, finally, such regulations may be imposed upon the exportation of gold and silver, as will serve in future to fix & retain the quantity required for domestic uses.

But it is further believed, that the national stock of the precious metals is not so reduced as to render the operation of reinstating their agency in the national currency either difficult or protracted. The quantity actually possessed by the country is considerable; and the resuscitation of public confidence in bank paper, or in other substitutes for coin, seems alone to be wanting to render it equal to the accustomed contribution for a circulating medium. In other countries, as well as in the United States, the effect of an excessive issue of paper money to banish the precious metals has been seen, and under circumstances much more disadvantageous than the present; the effect of public confidence in national institutions, to recal the precious metals to their uses in exchange, has also been experienced. Even, however, if it were practicable, it has sometimes been questioned, whether it would be politic again to employ gold and silver for the purpose of a national currency. It was long and universally supposed, that to maintain a paper medium without depreciation, the certainty of being able to convert it into coin, was indispensable; nor can the experience which has given rise to a contrary doctrine be deemed complete or conclusive. But whatever may be the issue of that experiment elsewhere, a difference in the structure of the government, in the physical as well as the political situation of the country, and in the various departments of industry, seems to deprive it of any important influence as a precedent for the imitation of the United States.

In offering these general remarks to the consideration of Congress, it is not intended to convey an opinion, that the circulation of the gold and silver coins can at once be renewed. Upon motives of public convenience, the gradual attainment of that object is alone contemplated; but a strong, though respectful, solicitude is felt, that the measures adopted by the legislature should invariably tend to its attainment.

2d. Of the services rendered to the government by some of the state banks during the late war; and of the liberality by which some of them are actuated in their intercourse with the treasury; justice requires an explicit acknowledgement. It is a fact, however, incontestably proved, that those institutions cannot at this time be successfully employed to furnish a uniform national currency. The failure of one attempt to associate them with that view, has already been stated. Another attempt, by their agency in circulating treasury notes, to overcome the inequalities of the exchange, has only been partially successful. And a plan recently proposed, with the design to curtail the issue of bank notes, to fix the public confidence in the administration of the affairs of the banks, and to give each bank a legitimate share in the circulation, is not likely to receive the sanction of the banks. The truth is, that the charter restrictions of some of the banks; the mutual relation and dependence of the banks of the same state, and even of the banks of different states; and the duty which the directors of each bank conceive that they owe to their immediate constituents upon points of security or emolument; interpose an insuperable obstacle to any voluntary arrangement, upon national considerations alone, for the establishment of a national medium through the agency of the state banks. It is, nevertheless, with the State banks that the measures for restoring the national currency of gold and silver must originate; for until their issues of paper be reduced; their specie capitals be reinstated; and their specie operations be commenced; there will be neither room, nor employment, nor safety, for the introduction of the precious metals. The policy and interest of the State banks must therefore be engaged in the great fiscal work, by all the means which the treasury can employ, or the legislative wisdom shall provide.

3d. The establishment of a National Bank is regarded as the best and perhaps the only adequate resource to relieve the country and the government from the present embarrassments.

Authorized to issue notes which will be received in all payments to the United States, the circulation of its issues will be co-extensive with the Union; and there will exist a constant demand, bearing a just proportion to the annual amount of the duties and taxes to be collected, independent of the general circulation for commercial and social purposes. A National Bank will therefore possess the means and the opportunity of supplying a circulating medium of equal use and value in every State, and in every district in every State. Established by the authority of the government of the U. States; accredited by the government to the whole amount of its notes in circulation; and entrusted as the depository of the government with all the accumulations of the public treasure; the National Bank, independent of its immediate capital, will enjoy every recommendation which can merit and secure the confidence of the public.

Organized upon principles of responsibility, but of independence, the national bank will be retained within its legitimate sphere of action without just apprehension from the misconduct of its directors or from the encroachments of the government. Eminent in its resources, and in its example, the National Bank will conciliate, aid, and lead, the State banks in all that is necessary for the restoration of credit, public and private. And, acting upon a compound capital, partly of stock & partly of gold and silver, the National Bank will be the ready instrument to enhance the value of the public securities and to restore the currency of the national coin.

4. The powers of the government to supply and maintain a paper medium of exchange will not be questioned; but for the introduction of that medium there must be an adequate motive. The sole motive for issuing treasury notes has hitherto been to raise money in anticipation of the revenue. The revenue, however, will probably become, in the course of the year 1816, & continue afterwards, sufficient to discharge all the debts & to defray all the expenses of the government; & consequently there will exist no motive to issue the paper of the government as an instrument of credit.

It will not be deemed an adequate object for an issue of the paper of the government, merely that it may be exchanged for the paper of the banks, since the treasury will be abundantly supplied with bank paper by the collection of the revenue, and the government cannot be expected to render itself a general debtor, in order to become the special creditor of the State banks.

The co-operation of the government with the national bank, in the introduction of a national currency may however be advantageously employed by issues of treasury notes as long as they shall be required for the public service.

Upon the whole, the state of the national currency and other important considerations connected with the operations of the Treasury, render it a duty respectfully to propose,

That a National Bank be established at the city of Philadelphia, having power to erect branches elsewhere; and that the capital of the bank (being of a competent amount) consist of three fourths of the public stock, and one fourth of gold and silver.

All which is respectfully submitted.
A. J. DALLAS,
Secretary of the Treasury.
Treasury Department, Dec. 6, 1815.

FROM THE NATIONAL INTELLIGENCER.

THE BRITISH TREATY.

Whilst this subject was under consideration in the Senate, there were several points on which information was required from the Treasury Department, by the committee on Foreign Relations, as being intimately connected with the merits and bearings of the Treaty. Not having room to publish the documents on this subject at length we must endeavor to generalize them.

1. As to the quantity of cotton exported to the British dominions in Europe, during the years of our commercial prosperity (on which article, be it borne in mind, a large discriminating duty was paid in Great Britain,) it appeared that the quantity exported to those dominions, including England, Scotland, Ireland, Man and Berwick, was,

From 1st Oct. 1806 to 30th September 1807—
53,180,211 lbs.
From do. 1814 to do. 1815—
44,973,265 lbs.

The last line, though nominally a year, of course only embraced the time from the 17th February to the 31st Sept.; during which six months the export was enormous.

2. As to the tonnage of the United States, employed in foreign coasting & fishing trades, it appeared there were employed in the

Year	Foreign Trade	Coasting	Fishing
1805	922,298	284,863	59,443
1806	1,044,005	286,909	66,357
1807	1,116,241	285,090	75,744

No later estimate was furnished.

3. As to the exportations from the U. States to the West India Islands, it appeared there was exported, to the following amount, in the years ending 30th September 1807 1815

British W. Indies	Domestic	Foreign
	5,322,276	1,571,490
	630,361	20,979
All other W. I. Islands		
	9,025,497	7,204,993
	16,004,300	1,263,556

4. As to the value of goods imported in American and foreign vessels from the Cape of Good Hope, and places beyond the same, the duties thereon, from which an idea of the amount and value of the trade may be formed were reported as follows:

In 1805	3,370,055
In 1806	3,803,915
In 1807	2,960,688

No estimate given of the last year's duties could afford any criterion of the trade, and none therefore is given.

5. As to the duties on importations from the West India Islands, it appeared that they were

From	In 1805	1806	1807
Brit. W. Indies	1,864,119	2,360,655	1,948,672
Other W. Ind.	7,257,525	7,751,855	8,665,526

There was also reported to the Senate an abstract of "Duties of Customs paid in Great Britain in 1807 & 1815," distinguishing between the importations from foreign countries and from British colonies, and in British or foreign ships; whereby it clearly appears that the United States have gained by the Treaty, and of course have so far obtained an advantage to our own over foreign navigation.

GRAMMAR SCHOOL.

THE Subscriber takes this method of informing the Public, that he intends, on the THIRD DAY OF JANUARY next, to commence TEACHING A SCHOOL, at Mr. NATHANIEL NORFLEET'S New School House, eight miles west of Person Courthouse, where he will teach round the English Language, grammatically, Reading, Writing, Arithmetic, Algebra, and various other Branches of the Mathematics. A few Beginners in the Latin Language will also be taken. Board, in good houses, convenient to the School-house, may be had on VERY EASY TERMS. The situation as healthy as any in the State; which, it is presumed, will recommend the School to the attention of all who wish to educate their Children on easy terms. B. W. MILNER.
Person County, Dec. 25th, 1815. 51—23

NOTICE

Is hereby given to all whom it may concern.

YOU are hereby notified, That the DIRECT TAX of the United States for 1815, has become due and payable, and that attendance will be given to receive the same at the following times and places, viz:

At the house of Rankin M'Kee in the county of Orange on the 15th, John Carrington's 16th, George Carrington's 17th, Absalom Alston's 18th, Zachariah Herndon's 19th, and Chapel Hill 20th January, 1816.
At the house of Wm. Geane on the 22d, John Newlin's 23d, John Long's 24th, George Albright's 25th, Michael Holt's 26th, Murphy's store 27th, Alexander Mason's store 29th, Wm. Gant's store 30th, and James Cook's 31st January, 1816.

At the house of Col. James Moore on the 1st, Cannon's Old Mill 2d, M'Cawley's store 3d, Andrew M'Broom's 8th, and Hillsborough 9th February, 1816.

At Alexander Cunningham's store in the county of Person on the 15th, Maj. Edward's store on the 16th, James Holloway's 17th, Person courthouse 18th, Gabriel Davy's (Tar River) 19th, L. V. Hargis's store 20th, Simeon Cochran's store 22d, and at N. Norflee's store 23d January, 1816.

And that correct copies of the Tax Lists remain with the Principal Assessor of this collection district, open to the inspection of any person who may apply to inspect the same.

You are further notified, That the DUTIES on HOUSEHOLD FURNITURE, & on GOLD and SILVER WATCHES, have also become due; and that attendance will be given at the foregoing times and places, to receive the same.

JOHN VAN HOOK, Jun.
Collector of the 8th Collection District in the State of North Carolina.
January 1st, 1816. 50—