



"Censure the plans of fair, delightful Peace,  
"Unwarp'd by party rage, to live like Brothers."

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### CURRENCY OF NEW-YORK.

The following Report lately made by a Committee of the Legislature of New-York, exhibits some alarming evils arising from excessive Banking in that State, which ought to be generally known, in order to guard against the like evils in other parts of the Country.

The committee appointed on the currency of this state, and to whom was referred that part of the Governor's speech, respectfully report, in part—

That they find themselves compelled, as well from the nature of the subject as from the sense they feel of their duties as a standing committee on currency, to take a general view of the operations of banks in this state; as far as any deductions can be drawn from experience, that will throw any clear light on what your committee consider a subject of the highest and most vital importance to the public.

The committee are fully satisfied, that banking establishments are highly beneficial in a country like ours, with an extensive external and internal commerce, by affording facility in making remittances and in transmitting large sums from one part of the country to another, and in the head market towns in affording temporary loans at particular seasons of the year for the purchase of produce, and in sea-port towns where large capitals are vested in shipping engaged in foreign commerce, by enabling the proprietors, with temporary loans, to purchase fresh cargoes, and despatch their vessels. So far the committee believe they are warranted in saying, that experience has shown that banks have been very beneficial to this state.—

And it would give the committee pleasure if they could stop here, without violating their character as legislators and as guardians of the public welfare. But as such, they must give it as their unqualified opinion, that like medicine, when judiciously administered to the physical body, it removes obstructions, increases the circulation of its fluids, and invigorates the whole system, but when administered by unskilful hands, too profusely, produces morbid affections and paralyzes every nerve, so banking establishments, when increased, as they already have been, to a great extent in the interior of our state, counteract entirely all the beneficial effects expected from them; and instead of facilitating exchange and the transmission of money from one part of the state to the other, it has rendered it impossible to be done without great loss, in consequence of local banks having engrossed the whole circulation in their neighborhood, and the depreciation of their notes abroad, to the very great embarrassment of internal commerce. But this is not the extent of the evil, nor in the opinion of the committee, by any means the greatest; but the effect it produces on society, immediately within their vicinity, is still more to be deplored.

They enable the designing, unprincipled speculators, who in fact have nothing to lose; to impose on the credulity of the honest, industrious, unsuspecting part of the community, by their specious flattery and misrepresentation, obtaining from them borrowed notes and endorsements, until their ruin is consummated, and their farms are sold by the sheriff. Examples of this sort are too common and notorious to need any illustrations from the committee.

In applying for their charters, they all profess to have the public good solely in view; but in too many instances their conduct has shown that they soon become blind to all other interests but their own.

By adopting a variety of schemes to get their notes into circulation, such as placing a partial fund in a distant bank, to redeem their paper, and after the fact becomes generally known that their paper is at par in that quarter, issuing an emission of notes signed with ink of a different shade, at the same time giving secret orders to said bank not to pay the notes thus signed, and subjecting the owners of them to loss and disappointment, compelling them either to sell them for what they would fetch, or to return without accomplishing the business they went on. This is done in more than one instance; thus, in open day, committing a barefaced fraud on the public.

Others, by a different stratagem, but no less contrary to the intent and meaning of their charter, have issued a species of paper called facility notes, purporting to be payable in neither money, country produce, or any thing else that has body or shape, and thereby rendering their names appropriate only by facilitating the ruin of those who are so unfortunate as to hold them. There are other practices which the committee are informed are very common, and they believe will not be doubted, which no less violate the first principles of their charter. They give large accommodations to individuals conditionally; to some, that they will keep in circulation a certain sum (which notes are designated by a private mark) for a specified time; but in case they return sooner, he is again to be charged with the discount on such sum for the remainder of the time; to avoid which he is compelled to make long journeys into distant counties to change the notes for those of other banks; thus squandering his time and his money for their benefit. The others, on condition that they will pay their note when due in what is called current money (meaning notes of such of the banks as are current throughout the state, they not considering theirs entitled to that appellation) which compels the borrower, during the time his note is to run, to lay by him all the current money he can collect, which of necessity he must lose the use of, and for which he is obliged to pay for the sum he may be deficient in as the time draws near a close, a premium of from seven to fourteen, and sometimes, as your committee have been informed, as high as twenty per cent. for one day, when his note is again renewed, and the same operation is commenced anew.

To others, on condition they exchange with them, a sum equal to their note offered, in notes of other banks (for which they are compelled to give a premium) and receive their own in return. To others, on condition one half the sum remain in the bank until the note is due, thereby receiving a usurious interest.

The committee feel themselves compelled to go still further into a detail of the abuses inflicted on the public by a misuse of banking privileges.

Of all aristocracies, none more completely enslave a people than that of money—and, in the opinion of your committee, no system was ever better devised so perfectly to enslave a community as the present mode of conducting banking establishments.—Like the syren in the fable, they entice to destroy.

They hold the purse-strings of society, and by monopolising the whole of the circulating medium of the country, they form a precarious standard, by which all the property of the country, houses, lands, debts and credits, personal and real estate of all descriptions, are valued, thus rendering the whole community dependent on them, and prescribing every man who dares oppose or expose their unlawful practices; and if he happens to be out of their reach, so as to require no favor from them, then his friends are made the victims, so that no one cares complain.

The merchant, who has remittances to make abroad, is contented to pocket the loss, occasioned by the depreciation of their money, rather than hazard their resentment by asking them for specie or current notes; and here the committee beg leave to state, as a fact, an instance where the board of directors of a bank passed a resolution, declaring that no man should hold a seat at that board, or receive any discounts at the bank, who should trade at a certain store in the same village, in consequence of the owner having asked for a sum less than four thousand dollars in current money to remit to New-York, while at the same time he kept his account in said bank.

The committee, in taking a general view of our state, and comparing those parts where banks have been some years established, with those that have had none, they are astonished at the alarming disparity. They see in the one case, the desolations they have made in societies, that were before prosperous and happy; and in the other they have brought on an innumerable number of the most wealthy farmers, and they and their families suddenly

hurled from wealth and independence into the abyss of ruin and despair;—and here also the committee beg leave to state a fact to illustrate the manner in which such ruinous effects are produced. An aged farmer possessing a farm which rendered his condition comfortable and independent, wishing to raise the sum of one thousand dollars, to assist his children, was told by a director, he could get it out of the bank without any difficulty or hazard, and that he would endorse his note for him, and that he could continue it to suit his convenience, with which the farmer accordingly complied. At the first renewal, he was told the note must be paid; that the bank would press the payment, but as it was not in his power, the director told him, if he would give him one hundred dollars besides the discount, he would obtain the renewal, which he did; and at a subsequent renewal, the same operation was performed, but a judgment was required also in favor of said director, and the result was, his farm was soon after sold without his knowledge by the sheriff, and purchased by said director for less than the judgment.

The committee are sensible, that all institutions are subject to abuses from the misuse of the powers granted to them; but they humbly conceive that when those abuses greatly over balance all the benefits derived from them, it becomes the duty of a wise and discreet Legislature to cease from granting those powers; and here the committee cannot but notice the manner in which bank charters have hitherto been obtained. But on this subject they would speak with all due deference to the honorable body to which they belong, as well as to their predecessors.—But the committee cannot refrain from remarking, that the hitherto liberal and extended encouragement given to banking operation beyond its legitimate object, has annually invited to our capital, skilful and experienced banking agents, professing general and not local objects, and who appear to have forgotten for the time their public trusts (for which some of them are receiving a high salary,) as well as all private avocations, for what they may consider of greater consequence to the community; and in the present instance, from seeing notices in the state paper of 18 new applications for banks, intended to be made at the present session, have no doubt come up with high raised expectations of reaping a rich harvest, and by amalgamating banking bills with those of more importance and more salutary in their nature, and by assailing and canvassing the house with all the conflicting interests of individuals, until all distinction is lost between the fair and honest petitioner and the cunning designing speculator, and thus the man who asks in the simplicity of his heart for what he honestly conceives his right, is soon made to understand, that in order to obtain it he must become the instrument of designing men, and advocate that which his better judgment tells him is wrong. And your committee are constrained to say, that this practice has hitherto been carried to such an extent, and has met such success, as to encourage corporations as well as individuals, to assume banking powers where none were ever granted; and after having put all law and authority at defiance, and creating themselves a fund, calculating on the encouragement and skill of those agents, have had the unexampled temerity to petition the legislature of this state and urge them, through the medium of these agents, to grant them a charter for banking, as a reward for their unwarrantable assumption of that right.

The committee humbly conceive, that it is high time a full stop was put to this kind of procedure; and they know of no way of effecting it, but by every member of this, as well as all future legislatures, collectively and individually reflecting seriously on the subject as to its consequences to themselves and to the state, and suffer no abstract considerations to influence their judgments; but to decide every question upon its own merits, and frown with indignation on every undue attempt to influence their opinions, and in that way restore to the legislature of this great state, what your committee conceives in a great degree

lost (they name it with very great deference) its injured reputation. The operation and influence of banks, their utility and effect on society, being necessarily of a public nature, they must be familiar to all. Then, surely, this honorable body does not stand in need of instruction from any illegitimate source.

The committee will conclude this general report on the state of the currency; by examining briefly, the foundation on which the present circulating medium is based. The committee believe, the present circulation in the state principally consists of the notes of those banks whose nominal capitals are small, and composed principally of the notes of the individual stockholders, called stock-notes: So that the security of the public consists of the private fortunes of individual stockholders, and those fortunes, in a great measure, consist of the stock of the bank: And as these banks make large dividends, many rapid, and what are considered solid fortunes, are made. Like a boy mounting a summit as the sun is setting, suddenly observing his shadow on the opposite precipice, (regardless of the gulf between), is astonished to see how tall he has grown; when night ensues, ere he is aware, he is plunged, shadow, substance and all, in the abyss below, covered with darkness and despair. Such the committee extremely apprehend will be the result of many of the present institutions, which in their fall will bring ruin and distress on the country, unless they change their mode of doing business.

The committee take pleasure in stating on the other hand, that there are a number of banks in this state with real and solid capitals, but whose circulation is small and consequently their dividends; whose affairs are conducted with prudence and care, and from whom the public have nothing to apprehend.

On the whole, the committee coincide fully in the opinion expressed by his excellency on the subject of the banks, in his speech, delivered at the opening of the session, where he says:

"The evils arising from the disorderly state of our currency, have been aggravated by the banking operations of individuals, and the unauthorised emissions of small notes by corporations. They require the immediate and correcting interposition of the legislature. I also submit it to your serious consideration, whether the incorporation of banks in places where they are not required by the exigencies of commerce, trade, or manufactures, ought to be countenanced. Such institutions having but few deposits of money must rely for their profits principally upon the circulation of their notes, and they are therefore tempted to extend it beyond their faculties. These bills are diffused either in the shape of loans or by appointing confidential agents to exchange them for those of other establishments. But the former mode being conducive to profit, is at first generally adopted; and in the early stages of their operations, discounts are liberally dispensed. This produces an apparent activity of business, and the indications of prosperity. But it is all factitious and deceptive, resembling the hectic heat of consuming disease, not the genial warmth of substantial health; a reaction soon takes place. These bills are in turn collected by rival institutions, or passed to the banks of the great cities, and payment being required, the only resource left is to call in their debts, and exact partial or total returns of their loans. The continual struggle between conflicting establishments to collect each other's notes, occasions constant apprehension. The sphere of their operations is narrowed. Every new bank contracts the era of their paper circulation, and after subjecting the communities within their respective spheres of operation to the pernicious vicissitudes of loans, at one period profusely granted, and at another parsimoniously withheld, they finally settle down into a state of torpid inaction, and become mere conduits of accommodation to a few individuals. The legislature are then solicited to apply a remedy by the incorporation of other banks, whereas, every new one of this description, unless attended by peculiar circumstances, paralyzes a portion of capital and augments the general distress. The banishment of

metallic money, the loss of commercial confidence, the exhibition of fictitious capital, the increase of civil prosecutions, multiplications of crimes, the injurious enhancement of prices, and the dangerous extension of credit, are among the mischiefs which flow from this state of things. And it is worthy of serious inquiry, whether a great augmentation of such institutions may not, in course of time, produce an explosion that will demolish the whole system. The slow and periodical returns of husbandry being incompetent to the exigencies of banking establishments, the agricultural interest is the principal sufferer by these proceedings."

If the facts stated in the foregoing be true, and your committee have no doubt they are, together with others equally reprehensible and to be dreaded, such as, that their influence too frequently, nay often already begins to assume a species of dictation altogether alarming, and unless some judicious remedy is provided by legislative wisdom, we shall soon witness attempts to control all elections to office in our counties, nay the elections to this very legislature. Senators and members of assembly will be indebted to banks for their seats in this capitol, and thus the wise ends of our civil institutions will be prostrated in the dust by corporations of their own creation. It is therefore evident, that deleterious poison has already taken deep root and requires immediate legislative interference with their utmost energy.

In order, therefore, that this legislature may have more full and substantial information on the subject, than it is possible for your committee to obtain, they beg leave to offer the following resolution:

Resolved, (if the honorable the senate concur herein) that a joint committee of the senate and assembly be appointed to enquire into the mode & manner in which the several incorporated banks within this state have administered the trust granted to them, and whether any or either of the officers, agents or directors, or other persons, by them authorised, have secretly or impliedly divested any part of the funds thereof to any improper purposes—or have made use of any undue means for the purpose of forcing their paper into circulation, and whether they have, during the last 18 months, promptly and willingly complied with all the demands made upon them for the payment of their notes in specie—and whether any or either of the said officers, agents or directors, have been guilty of any fraudulent or usurious practices, as such—and whether any or either of them have used, or now do use, any of the funds of the said banks for covetous or oppressive purposes.—The said committee have power to send for persons and papers, & that they report their proceedings herein to this legislature, with all convenient speed.

ISAAC PIERSON, Chair'n.

### NEW-YORK.

JAMES LEA, from Caswell County, and J. G. A. WILLIAMSON, from Person County, North-Carolina.—Having associated themselves with a Gentleman in New-York; beg leave to inform their friends and those who trade there, that they have taken a Store No. 127, Pearl-street—where they shall this Spring open a very general and extensive assortment of

DRY GOODS, by the piece only. Their acquaintances are particularly invited to call, confident they shall be able, to punctual customers (from their corner on in that place) to sell upon the most reasonable terms, and in a manner that will no doubt give entire satisfaction.

February 29 6-5w

### BANK STOCK FOR SALE.

ON Monday the 30th of March next, at 3 o'clock in the afternoon, we shall sell at Auction, for ready money, at the Eagle Hotel in Raleigh, Fifty Shares of Stock in the State Bank of North-Carolina.

THOMAS LILE, Ex'r  
HENRY FOLLE, Ex'r

February 25, 1818 62 ts

### A RUNAWAY.

ON the last of June, my mulatto man named LAURENS, runaway. He is about 23 years of age, about 5 feet 8 inches high, a handsome well made man, with a scar above one of his eyes, and a very black head of hair. I have no doubt but that he will make for Petersburg, Virginia. I will give fifty Dollars reward for his apprehension so that I get him again.

WM. FARROW.  
Spartanburgh county, S. C. Dec. 1.