

DEBATE ON THE  
BILL FOR ESTABLISHING A BANK OF THE STATE  
IN SENATE. [CONTINUED.]

December 11.

Mr. Wilson said, in order to bring the principles of the bill fairly under discussion, he would move to strike out the first section. He said it was known to the Senate, that the charters of the present Banks had but a short time to run; and it will be proper for the Legislature now to conclude whether they will continue the charters of the Banks at present in existence, erect a new Bank, or do without Banks altogether. It was with a view of bringing the subject fully before the committee, that he made the present motion.

The Chairman of the Committee of the Whole, having stated the question from the Chair:

Mr. MARTIN again rose and said, that as no other gentleman seemed disposed to occupy the floor, he would conclude the remarks intended to have been submitted the other day. The bill under consideration proposes to create stock to the amount of \$300,000. This sum is deemed sufficient by the mover, to commence business on. It is a larger specie capital than the existing Banks began with, and more than the whole of them together, have possessed at one time in many years, agreeable to their own shewing. This part of the capital however, may now or can hereafter be increased at the option of the Legislature. Mr. M. said, he was in New-York in October last, and in order to ascertain how money could be obtained on State surety, he made enquiry of the principal brokers of that City as to the terms on which other States had obtained loans. He ascertained that loans for a long period, could be obtained on better terms than for a short one, and a small difference was also made in favour of the stock the interest of which was stipulated to be paid in the City. He had in his hand the prices current of 6th October of such as was then in market, but to show an average he deemed it necessary only to notice the six per cent. loan to the State of Ohio, redeemable in 1837. This stock was at that time worth from 9 1/2 to ten per cent premium, and from this date we may reasonably calculate, that if we make the whole of our stock irredeemable for ten years, to be able to sell it for a premium of 10 per cent. and thus obtain the use of the money at a rate of interest not exceeding five per cent. per annum.

A large amount of foreign capital was said to be in New-York, awaiting safe investments, and the State owning stock in her different incorporated companies to the amount of a million of dollars, and clear of debt as she is, must be considered as safe, and could obtain what money she wanted on as good terms, no doubt, as any other State in the Union. Mr. M. took notice of the several funds belonging to the State, which could be used for Banking purposes, and stated them to amount, (agreeable to the report of the Treasurer to the last Legislature) to something more than one million and forty-seven thousand dollars; all of which, he contended, could be in a few years, converted into active capital, and be made to yield an income to the State, instead of hereafter lying idle in the Treasury. The circumstance of the faith of the State being pledged for the ultimate redemption of the notes to be issued by this Bank, appears to operate much on the fears of some gentlemen of the Senate. They seem willing to admit the ability of incorporated companies to effect objects that individuals are incompetent to, yet they seem not disposed to admit this principle when applied to the State. The States were in his opinion, the only legitimate corporation in the country, and he trusted the time was not far distant, when there would be no other bodies corporate or politic in the Union, than the States themselves. The faith of this State has heretofore been pledged under circumstances much more disadvantageous than is here proposed. The emissions of paper money in 1783 and 1785, and the subsequent emissions of Treasury notes, were all made without a dollar of funds being specifically pledged for their redemption. Did any evil grow out of this circumstance?

This pledge of faith has been of immense advantage, not only to this State, but in the most gloomy period of the last war—when Northern capitalists refused to loan their money, and national bankruptcy stared us in the face, a pledge of faith given by Congress for the redemption of Treasury notes, saved not only the credit, but possibly the independence also, of the United States. This Bank will issue its paper for bonds with at least three good names. In addition therefore, to the capital pledged for the redemption of this paper, we shall have the same amount in these bonds; and if from any untoward circumstances, the Bank should not at all times be able to redeem its notes in specie, the State would not thereby become a loser. How has the present Banks restored the credit of their paper? By collecting a sufficient amount of their debts—could not this Bank do the same? But if gentlemen still think there is danger in the pledge, strike it out of the bill—all the advantage contemplated from it by the framers of the bill was, that it might perhaps give the paper some additional reputation abroad. The Bank can succeed without the pledge, if any other Bank can succeed; for it is better and more strongly guarded than any other institution of the kind known to exist in the United States. Some who agree with him in the necessity of creating a new Bank of some kind, prefer one to be governed by individual interest. It was hoped we had experienced enough of Banks of this description, to know they did not answer our purpose; but as it seems that is not the case, he would ask their attention until he gave an illustration—a short one, of his view of this part of the question. The price of property is known to be principally graduated by the quantity of the currency that is in circulation in the country, individuals exercising the power of rendering this currency plentiful or scarce at pleasure, could therefore operate as injuriously on the people, as if an exclusive privilege was granted to the same number of men, to vend salt, iron, or any other article of the first necessity. Apart from the policy of the measure, serious doubts are entertained whether the Legislature had the constitutional right to incorporate individuals for the purpose of banking. The constitution prohibits us from granting a monopoly for commercial or manufacturing purposes, in terms too plain to be controverted; but it seems the ingenuity of capitalists has discovered that an exclusive privilege granted for the purpose of manufacturing and selling Bank notes is not a violation of that instrument. Whether this interpretation be the true one or not, we certainly cannot pretend to possess the right of authorising them to receive a greater interest for the loan of money than individuals are authorised to do; yet we all know the present Banks exact and receive at the rate of six dollars for the use of not more than ninety-four dollars. To an unsophisticated mind, this must appear to be not only a separate privilege, but when connected with the opportunity of compounding the debt every ninety days, a separate emolument also, of no inconsiderable value. The currency of the country, (presuming it to continue a paper one) ought to be based on the strongest foundation that could be given to it, and it is equally important to the common welfare, that the amount in circulation should not be permitted suddenly to fluctuate; but rather, if circumstances permitted, be gradually increased with the increasing wealth and population of the State. Could the first of these essentials be relied on from a Bank, while the private property of the Stockholders and Directors, was not bound for the redemption of its notes; and could the second be reasonably expected, so long as it was controlled by the speculative policy of individual interest. From the facility of obtaining Gold bullion, it is presumed a Bank could commence banking operations under more favorable circumstances at this time, than at any former period. It is calculated that Gold amounting to more than a million of dollars will be obtained from

our mines during the next summer. It is already an article of considerable commerce in the western counties of the State, and can be purchased with the paper of good Banks at something less than its par value. The Cashier of one of the Agencies of the Bank of Newbern is said to have purchased a considerable amount of this gold during the last summer, and when the Bank of the State commences business, it may, by having agents in the neighborhood of the mines, annually change a quantity of its paper at par, for bullion, and thus, in a few years, possess more specie, in proportion to its capital, than any other Bank in the Union. Would it not be good policy to make some effort to retain a portion of this precious metal at home, instead of supinely looking on while it passes into other States for a market?

Mr. M. said, there had been suggestions thrown out against the bill on constitutional grounds; he should not argue this question however, until he heard gentlemen on the other side, further than to say, he felt himself fully prepared to satisfy the Senate on this point, whenever the question was brought up. The President, in his late message to Congress, recommends the establishment of a Bank for national purposes, on similar principles to those embraced in this bill, and six or seven of the States have already adopted the measure, and he had no doubt all the States would ultimately find it necessary to do the same thing. Banking on these principles, if judiciously managed, might be made the greatest source of revenue the States could draw on. It would enable them, as the duty on importations does the General Government, to raise an ample revenue by the consent of their citizens, and without resorting to direct taxation—a mode of raising money that cannot be enforced to any considerable extent in the country. But sir, there are higher considerations by which the friends of this bill are actuated, than that of dollars and cents, or profit and loss—that of rescuing the people from the clutches of a monied aristocracy. If we reject this bill, he seriously asked gentlemen, what course they intended to pursue in the present emergency? Is no effort to be made to prevent the wide-spread ruin that is likely to ensue, on winding up the affairs of the present Banks? Apathy in deliberative bodies, is said by some to be a virtue; but a total indifference to the present situation and future prospects of this State as regards its monied concerns, argued any thing rather than wisdom, and would not meet the high expectations of the country.

Mr. M. in conclusion, said, he had confined his remarks exclusively to the principles of the bill. He did not expect the details to meet the entire approbation even of its friends; but if the principle was sustained, he had sufficient, both of legal and practical talent in the Senate to give it maturity. The last section of the bill was added at the request of a few only, of its friends, and as it is known to be a general rule in some of the States, to permit no law of importance to go into operation until after the meeting of a succeeding Legislature, he trusted the policy would not be objected to in the present instance. This bill, if it should become a law, will go before the people as the policy intended to be pursued in the future Banking operations of the State, and in that event, he had not the shadow of a doubt, the succeeding Legislature would convince us that the measure met with the general approbation of the people.

MR. MEARES observed, that the ostensible objects of the bill before the Committee were, to make a profitable investment of the funds of the State, and to furnish to the people a sound circulating currency.

Were he of opinion that these objects could be attained, he should be in favor of the measure; but being satisfied that neither of them could be effected, but that ruinous consequences might arise to the State from the passage of the bill, he hoped the motion to strike out its first section would prevail.

Let us see, said Mr. M. from the knowledge we have of Banking, whether under this bill, the funds of North-Carolina can be profitably disposed of. By whom are the funds to be managed? By a President, Cashier, and five Directors, such as the Legislature may choose to carry on the business.

Is it to be presumed, that men more capable, intelligent and honest, can be obtained in this way, than have been selected to manage the present Banks of the State. He thought not. He believed that the Legislature, who, in general, knew but little about Banking, if disposed to act from the purest motives, could not make as judicious a choice of officers for the management of this Bank, as interested commercial and monied men have heretofore made for the government of the present institutions. On whom would the Legislature depend for recommendations of proper characters? Might not selfish motives rather than fitness and talents, have an influence in such appointments?

If during the whole period of the existence of the present Banks, men have been selected to manage their affairs, the best qualified from their talents and experience, is it reasonable to expect that the Legislature, can obtain men better qualified to attend to their Bank? They cannot.

It is supposed that the present Banks have made immense profits—say 6, 8, 12 and 16 per cent. and that the State, therefore, ought to take the banking business into her own hands, that this profit may go to the Public Treasury.

This statement is incorrect. He ventured to say, that when they came to wind up their affairs, not one of the Banks would have cleared more than six per cent. upon their stock from the date of their subscription to the return of their capital. It is true, there have been particular periods, under peculiar circumstances, when the Banks were shielded by the old paper currency, or when they declined redeeming their notes with specie, that the stockholders have received dividends of 12 and 16 per cent. But these times are past, the dividends have been small for some years, and will be smaller in time to come.

And he would venture to say, that no Bank establishment in this State, with an extensive capital, can keep up a sound currency, and pay to the owners of its stock six per cent. per annum.

It may be asked, how is it that other Banks pay a larger dividend? Take the average profits made by the Banks of Philadelphia and New-York, said Mr. M. and it will be found they do not exceed six per cent.

As to the notion, that a bank can lend money to farmers, on accommodation notes, and maintain a sound currency, it cannot be done. Nor is there a town in North-Carolina in which there is a sufficiency of mercantile business to require business paper enough to enable a bank to pay six per cent. on a large capital.

But it is alleged, that this new Bank will establish a sound currency for the State, and that we shall be relieved from the interfering currency of other States.

This position was assumed, Mr. M. said, without foundation. The great object of the bill was to accommodate the citizens of the State with loans, on extended credit, and if this were done, he defied any bank to maintain a sound currency.

Suppose the Bank had specie to the amount of 300,000 dollars, to do a profitable business, it must make loans to twice that amount. Who will be the borrowers? Principally the debtors of the present banks. Where will the notes of the new bank go? Principally to pay debts due to the United States Bank and the old institutions, who will present them to the new bank for specie. And how long could this business be maintained? Not six months.

Look at the experience of the present banks. Some years since they had issued notes to the amount of double their specie capital, (and they never, he believed, exceeded that) and what has been their situation? The pressure of the Brokers and the bank of the United States have brought them in debt from 100,000 to 300,000 dollars each, for which they have been and are still paying interest. And though the present banks have now calked in their notes to an amount less than their capital, yet does the pressure for specie continue, and they have to pay heavy interest to the Bank of the United States.

If, under these circumstances, the present banks cannot meet the demands made upon them, nor afford a dividend of six per cent. per annum, how can the proposed new bank go into operation on a borrowed capital for which they are to pay six per cent. and either do a profitable business, or maintain a sound currency? Instances have been mentioned of the flourishing condition of other banks, established in South-Carolina and elsewhere, on principles something similar to that now proposed. But the making of a dividend is no evidence of the good condition of a bank. The real condition of these banks will not be correctly known until they come to make a final settlement. The Reports of banks are not always to be relied upon.

You have heard an extract read from a Report of the Governor of Alabama. But does this Report prove that their bank is profitable? Certainly not. Alabama labours under difficulties in her banking concerns as well as ourselves. She, like us, has no large commercial cities. Though the capital of their bank is but 100,000 dollars, it cannot be profitably employed without an additional branch, which shews that there is a deficiency of the only kind of business that is profitable to a bank.

When the business of a bank is to consist of loans to farmers on extended credit, Mr. M. averred that a sound currency could not be maintained.

Suppose that such a bank has a specie capital of \$100,000. To make a reasonable profit, it must issue notes to double the amount. Suppose one-half of this sum is loaned on extended credit, 100,000 dollars of your notes soon gets into the hands of other banks, and your capital is drawn out to redeem them. What is to become of the remainder of your notes? You will have to pay interest for the greater part to the banks who hold them. And when it is known abroad that you do not punctually pay specie for your notes, they will fall in value.

If we are asked by gentlemen what we shall do for a circulating medium, when our present banks go out of existence. He was unable to prescribe a remedy; but he could not consent to a plan which he was convinced could answer no good purpose.

Why go into this hazardous measure? We are to borrow 300,000 dollars; for the payment of which the faith of the State is to be pledged, as well as for all the Bank paper which may be issued. We have to hazard the risk of unfaithful officers abusing the trust confided to them—and the State has had too many unfaithful officers to overlook this risk. And what security does a bond of \$30,000 give? If an officer entrusted with the affairs of this bank determines to defraud the State, he might do it to an amount far beyond any bond that would be given in his behalf. For his part, he was unwilling thus to pledge his constituents.

And for whose benefit is all this hazard to be run? It is evident that North-Carolina, as a body cannot be benefited by the passage of this bill. If it will serve any description of our citizens, it will be the debtors to the present banks. And who are they who call aloud for this bank?

And who are those debtors for whom the State is to hazard so much? Less, it is said, than two thousand of our citizens.

These were the general views which he had taken of the subject, and with these views he could not but be in favor of striking out the first section of the bill.

On motion of Mr. Davidson, the Committee rose, and asked leave to sit again.

(Debate to be continued.)

LATE BISHOP RAVENSCROFT.

At a meeting of the Bishops and Clergy of the Protestant Episcopal Church, in the city of Philadelphia, held at the house of the Right Rev. Bishop WHITE, on Saturday, the 18th day of March, 1850, for the purpose of giving some expression of their feelings in relation to the death of the late Rt. Rev. Bishop Ravenscroft of the Diocese of North-Carolina; there were present the Rt. Rev. William White, D. D. the Rt. Rev. Henry U. Underdonk, D. D. the Rev. Drs. Abercrombie, Beasley, Montgomery and D. Lacey; with the Rev. Messrs. Bedell, Rutledge, Mead, Hawks, Tyng and Boyd.

The Rt. Rev. Bishop White, was requested to preside as Chairman, and the Rev. George Boyd appointed Secretary. The Rev. Dr. Montgomery stated the object of the meeting, and offered the following resolutions, which were unanimously adopted:

That the afflictive dispensation of Divine Providence, which has removed from the church on earth, the Rt. Rev. JOHN SPARK RAVENSCROFT, D. D. has affected us with unfeigned grief proportioned to the high estimate entertained by us of his character as a man, as a Christian, and as a Bishop of the Church of Christ.

That we feel deeply the loss which the Church has sustained in the removal from its labours of so firm, devoted and enlightened a champion of the truth as is in Jesus.

That we sincerely sympathize with the bereaved friends of the late Bishop, with the Clergy of his Diocese, and with all the friends of the Church in North-Carolina; and pray that God may comfort their hearts, sanctify the dispensation to the good of his church, and direct their minds in the choice of a successor.

That in testimony of our high respect for the memory of the Rt. Rev. Bishop Ravenscroft, and of our sense of the bereavement which we, in common with our whole church, have sustained by his death, we will wear the usual badge of mourning for thirty days.

That copies of the above be sent to the immediate friends of the late Bishop, to the Standing Committee of the Diocese of North-Carolina, and to the Secretary of the Convention of the same.

The following is an extract from Bishop Moore's Discourse in Illustration of the Immortality of the Soul, in reference to the recent death of Bishop Ravenscroft:

"I have been led to the selection of the present subject by that solemn event, which I announced from this desk the last Tuesday; and the death of our venerable friend BISHOP RAVENSCROFT. The departure of an individual so highly gifted, is no common occurrence. Ordained to the Ministry & this Altar, by myself, and a native of Virginia, I should be deficient in duty to you, to his memory, and to the Church at large, were I to pass over the event in silence. Often, Brethren, has he addressed you from this place; and from his tomb, he now proclaims in your ears, the transitory nature of temporal things; assuring you, that Man cometh up, and is cut down like a flower: that all flesh is grass, and the glory of man, however firm in constitution, resplendent in talents, and graceful in structure, is as a flower in the field. Yes, my hearers, were he permitted to speak to you at this moment, he would direct your attention to that Saviour, who is the resurrection and the life." He would shew you the folly of trusting the salvation of your souls to any thing short of Christ Jesus; and would proclaim the Redeemer as the only way to the regions of eternal peace.

"He would tell you, that the language of entreaty in which he addressed you during life, however warm and animated that language had been, was too cold for the occasion; that the most fervent appeals he had ever used, though they burned on his lips, were too frigid; unworthy a subject, involving in it eternal considerations. He would shew you Heaven, on the one hand, with all its beatitudes, & the regions of despair, on the other, and with a Seraph's tongue would entreat you to flee from the wrath to come, and to lay hold on eternal life. Were he to see you halting between your duty to God and the concerns of the world, he would press an immediate renunciation of the things of time. He would solicit you to awake from your slumbers: to take up the Cross without the least delay. He would tell you, that to-morrow might be too late; that "now is the accepted time—this the day of salvation."

"It is productive of great satisfaction, upon an occasion like the present, to look back and to take a view of the individual, whose death and removal forms the subject of our consideration. It is a Minister of the Lord Jesus Christ, whose departure has awakened the best sympathies of our nature, and which has involved the Church of North-Carolina in gloom: a Minister whose faithfulness was universally acknowledged, and whose pastoral virtues were so highly valued by the people of his charge.

"Bishop Ravenscroft became alive to the importance of religion, about 18 or 20 years since; and for the last 13 years has been zealously engaged as a Preacher of the everlasting Gospel. That feeling which animated his bosom, infused itself into all his discourses, and rendered him both popular and instructive. The fidelity which distinguished his labours, met with the blessing of Heaven, and Carolina in common with his former Parish in this Diocese, can bear witness to his affection and unwearied exertion.