

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

[CONCLUDED.]

HOUSE OF COMMONS.

December 24.

[Mr. Gaston's Speech Concluded.]

Is there any peculiar wisdom of contrivance shown in the plan submitted, that may afford a ground for believing it can operate profitably? In the first place, the active part of the capital is to be borrowed; but on what terms I am greatly at a loss to ascertain. The Treasurer is to issue a parcel of bonds in the name of the State for the payment of different sums of money—payable, and without interest, at five, ten, and fifteen years after date.—These are to be handed over to the Directors who are to effect a negotiation of them in market "at a rate of interest not to exceed six per cent. per annum." These words can bear but one of two meanings. They are to be discounted so as not to allow a greater deduction for advance of money than at a rate of six per cent. per annum—or at such a discount as will allow to the advanced an interest of but six per cent. per annum on his money. Take the words in their first, and perhaps most obvious sense, and let us see the operation. We will suppose the Treasurer to issue these bonds amounting in the whole to \$300,000 in three different and equal parcels, payable respectively in five, ten, and fifteen years after date. As the discount for five years on one hundred dollars is thirty dollars, for the first parcel the Directors will receive seventy thousand dollars—for the second (the discount on \$100 for ten years being sixty dollars) they will get forty thousand—and for the third parcel they will get ten thousand dollars. Thus the whole sum raised by shaving the State's bonds for \$300,000 would be \$120,000. I do not believe that this is designed. I can scarcely suppose any member to intend that so profligate a bargain should be made—one that would disgrace the most dissolute and reckless spendthrift—much more those who are entrusted with the guardianship of the public money. Yet it is only by understanding the bill in this sense that a hope can be entertained of getting the money. Take it in the only other sense it can bear, and its operation will be as follows:—For the first one hundred thousand, you are to obtain seventy six thousand nine hundred and twenty three dollars; for the second, sixty two thousand five hundred dollars, and for the third, fifty two thousand six hundred and thirty two dollars, or for the whole \$300,000 in bonds, \$191,055 in cash. But while the former is too improvident a bargain for the borrower, the second is one at which you cannot make a contract. It is true, that by this you allow six per cent on the money actually advanced, and that for six per cent. money may always be borrowed where the security is unquestioned; but then this interest must be paid at least annually and not postponed until the re-payment of the entire debt, until the bonds become due.

The fact is, Sir, you can't read the bill—if I may be allowed to say so, without offence to the honorable body that has sent it to us—without perceiving that those who adopted it, did not understand its provisions. I have heard it said by its friends here, that the object is to borrow three hundred thousand dollars, redeemable at five, ten, and fifteen years, and paying annually an interest of six per cent. On these terms I have no doubt the money may be obtained—and take it for granted that its friends here may make it to speak what they say it intends, and regarding it as if it were so expressed, I would ask where's the ground to hope that the Bank can be profitable?

Its expenditures are certain. Eighteen thousand dollars are to be paid as interest on the borrowed capital. Every man employed in the management of the concern must be paid, for you cannot expect public services without compensation. To employ a few managers and give them the uncontrolled dominion over the property and resources of the State, would be too hazardous an undertaking; to employ many would be to increase the charges.—To get competent men, who will incur the responsibility and can meet it, you must give high salaries; and with incompetent men, you must lay your account for blunders, mismanagement, waste and defalcation. You must have Branches, or the Bank will not subservise the public convenience. Establish then a principal Institution and four Branches with a President and five Directors for each. State the annual cost of your principal Institution at \$7,500 and that of each of your Branches at \$4000 per annum, and leave to every one conversant with such subjects to say if you can hope to have competent Directors, agents and servants for less, and you add \$25,500 to the annual expenditure of the establishment, making the whole \$41,500. To pay this annual charge, without realizing one cent of profit, you must keep up an active and perfectly safe debt of, say in round numbers \$700,000, and to realize 6 per cent. an active and safe debt of nearly a million of dollars. It may be doubted whether the whole business of the whole State would sustain such a debt. Of course, until the local Banks shall be withdrawn, there will be no room for your new Bank. But suppose all the local Banks retired, where is the room for your new Bank to operate? The United States Bank alone can do all the business that is advantageous. But it is said the United States Bank charter will expire in a few years, and that it will not be renewed. Whether the present charter will be renewed, or not, I will not venture to predict; but when it is recollected that during the forty years which have passed since the Federal Constitution was adopted, the National Government has had a Bank in operation thirty four years; and when it is seen that the President couples his denunciation of the present Bank with a proposal to establish another on the funds and credit of the General Government, there is little room to doubt but an institution of this, or of a similar kind, will always be upheld, whoever may be at the head of affairs. And now, Sir, establish your Bank of the State with its borrowed capital of 300,000, and let it issue its paper to three times, or twice, or even once the amount of its capital, and how long pray you, will it be ere it ceases to have a single dollar in its vaults? A very small amount of issues is sufficient to drain a large sum in specie, if these issues be returned frequently upon the Bank. Are gentlemen aware how the Bank of the U. States collects and returns the paper of the present Banks? I speak from personal knowledge with regard to one of the institutions, when I state these returns to be at the rate of \$1000 per day.

The expectation of profit from the proposed scheme is visionary. But it is supposed that something must be done to supply the deficiency of money which will be caused by the present Banks retiring from business. I am far from entertaining the fears which some gentlemen feel with respect to the scarcity of money that is predicted. That the collection of the large debt due to the present Banks will be attended with serious inconveniences I fully believe. But it must be collected. It is too large for the business of the country to endure, and until it is greatly diminished, that business never can be prosperously conducted. It is not however a diminution of the currency which I fear, as likely to result from the collection of the Bank Debts. Situated as North-Carolina is, carrying on unrestrained intercourse with the commercial States of the Union, she can never have any difficulty in procuring whatever money is required, for conducting her exchanges. Money will come in provided she has any thing to give for it, and that she does not banish that money by tolerating a vicious currency of her own. As to the Bank notes of our Sister States, they can never have a circulation unless we choose to accord it to them, and if they be good, I have no objection to allow them such a circulation. The argument that represents us as paying the annual interest of the amount so circulated, and which has been so

much pressed by the gentleman from Rowan, appears to me wholly delusive. Those who borrow of the Banks pay the interest.—They are in truth consumers of so much capital. But those to whom the notes are paid in the way of business, and who when convenience requires can demand specie in exchange, are in no sense of the word consumers. They convert the notes, or the money which it represents, into land, slaves, or stock, and thus add the amount to their actual capital, or as they use it as the means of further profitable exchanges. If it answers all these purposes to them, and they have taken it but as a representative of the value of the productions of their labour, then the process of reasoning by which they are considered as borrowers and paying an annual interest for the use, is to me wholly inconceivable. I think my friend from Rowan has, in this instance, deceived himself by his own ingenuity.

What then are the public advantages for the sake of which we are urged to embark in this extraordinary speculation. Consider for a moment, Sir, some of its principal features. We begin with what is usually the last act in the career of insolvency. We make an assignment of all the property of the State of North-Carolina, real, personal and mixed, in possession and in action, to Trustees, to carry on this adventure. ALL is literally embarked upon this enterprise. See sect 21. These Trustees are to have full power to sell the stock of every description vested in them at their discretion. Section 20th of the Original Bill. (Sect. 16th of the amended.) All the property thus assigned is liable to be taken in execution, and besides the whole property of our citizens is mortgaged to supply any deficiency. Sect. 17th of the amended, and 21st of the original bill. A vast debt is thus contracted; the public domain alienated by those who ought to be its guardians; and the resources of our citizens, to the last dollar, put in pledge; to enable we know not whom to conduct a business of certain expense, of great hazard, and of uncertain profit. I speak, Sir, what I think, without undertaking to decide for others. The scheme is, in my estimation, little short of insanity.

Hard indeed is the condition of a considerable portion of our citizens, and in the sincerity of my soul do I commiserate it.—They are deeply involved in debt, the profits of their labour and their property itself has greatly fallen in price. There is no alternative. These must suffer. They must make and endure sacrifices. It is impossible also that the country should not for some time feel the consequences of past overtrading, of enterprise checked, and property depreciated. But the country, unless injudicious remedies be administered, will gradually recover. Economy—industry—equal laws—a good soil—and a genial climate—these are the sure guarantees of its ultimate recovery. As for Banks, if your citizens are disposed to advance a portion of their own money in undertakings of this sort—allow them to do so, taking care that they shall indeed advance money, and providing that they shall be compelled to pay money promptly to all who may trust them. But let not the State, as such, take part or lot with them. It is an unholy alliance—which degrades one of the parties, and corrupts both. Still less let the State depart from its high dignity and turn itself into a money-lending corporation.

And yet, Sir, I have said nothing upon the great constitutional question which the bill presents for consideration. After the able arguments which have been presented by the gentleman from Wilmington and the gentleman from Buncombe, it is not necessary that I should ask your attention at any length to my views upon this head. At the last session, I had occasion to say that I was thoroughly satisfied this Legislature had not the constitutional right to establish a Bank of Discount and Circulation upon the funds and credit of the State. I have heard nothing to induce any change of that opinion.

The gentleman from Rowan has indeed examined the question with great ingenuity; but in my judgment, has utterly failed to get the case without the prohibition of the Constitution. His argument has had one happy effect, to narrow the range of discussion, and to bring the controversy to a point. This argument admits that if the clause "No State shall emit bills of credit," ought to be regarded as a substantive, independent prohibition, and not as a part of or included in the subsequent clause, "make any thing but gold or silver coin a tender in payment of debts," then indeed, the proposed Bank of the State must be abandoned as unconstitutional. Now it is perfectly clear, that if we are to be governed by the structure of the sentence, in which the important clause is found, this clause is as apparently distinct and independent as any other clause contained in it. "No State shall enter into any treaty, alliance, or confederation; grant letters of marque and reprisal; coin money; emit bills of credit; make any thing but gold or silver coin a tender in payment of debts; pass any bill of attainder, ex post-facto law, or law impairing the obligation of contracts; or grant any title of nobility." From the structure of the sentence, we are as little authorised to consider the prohibition to "emit bills of credit," a part of, and contained in that which follows, "make any thing but gold and silver a tender in payment of debts," as to construe the prohibition "grant letters of marque and reprisal," a part of, and contained in that immediately following thereafter, "to coin money." It must be admitted also, that the instrument to be construed was drawn up by men well acquainted with the structure of language, and competent to express their meaning in conformity with it. And it is known that the instrument itself was the result of long and repeated deliberation, and may justly challenge a comparison with any one known for its critical precision of style. We are necessarily drawn therefore to this conclusion, that the clause in question must be viewed as distinct and substantive, unless the absurdity of such a supposition, or some other equally powerful reason, compel us to reject it as superfluous, and thus, in effect, expunge it from the Constitution. It has been attempted to show, that considered as an independent prohibition, the clause is absurd. It is insisted in the first place, that thus construed it would incapacitate a State from contracting any debt, because to give a written evidence of debt might be "to emit a bill of credit." Now, Sir, if the gentleman discovers any absurdity in prohibiting a State from issuing such written testimonials or evidences of debt as shall be negotiable—assignable by indorsement or delivery, transferring the credit with the bill from one to another in a course of circulation, like bills of exchange, promissory notes, or other representatives of money, I can perceive no such absurdity, nor, of course, found upon it any reason for limiting the obvious force of the words. And if he chooses to designate the execution of a written contract intended solely to evidence the existence of a debt, not made transferrable, not negotiable by assignment or delivery, not designed for circulation, as an "emission of bills of credit," then he uses the terms "emit" and "bills of credit," in a sense which perhaps strict Etymology might justify, but which certainly they have not hitherto borne in our vocabulary. Again it is insisted, how absurd is that construction which prohibits a State from issuing its bills or notes, and yet leaves it free to permit private corporations to issue them! Here again, is an alleged absurdity which I am utterly unable to discern. I know well, that many wise men have thought that it would have been fortunate had the Constitution restrained not only the States from emitting bills of credit, but from permitting any corporate bodies within them to make such an emission. In this opinion, I do not concur. Such a restriction might have made the States too dependent on the General Government. But be this as it may, there is a clear and manifest distinction between the two restrictions. While a State is forbidden to issue bills commanding credit, and obtaining circulation on the faith and funds of the State, there is no repugnance in permitting individuals or associations of individuals, to send forth theirs, obtaining such a circulation as their funds and credit may justify. The Constitution does not put down bills of credit, but restrains the States from emitting them. But

the gentleman from Rowan asks, is the prohibition violated if the State takes a part in such corporations?—And if not, then why may not the State own the whole as well as a part?—There is no kind of casuistry more common, or more dangerous, than that which assumes certain questionable cases as legitimate, and thence infers that others cannot be very wrong which are only a little more objectionable. There is a clear distinction between a private corporation subsisting in, and authorised by the State, and the great political body of the State itself. I can well conceive too, that a private corporation does not lose its character, so long as the corporation remains private, it has all the privileges which belong to private corporations. But if the State should take so considerable a share in such an association, as to change its character from private to public, then, in my judgment, it should be regarded as the State acting under a different name, and bound by all the obligations and restrictions which attach to the State. One straw will not indeed break the camel's back; but straws may be heaped upon the animal until the addition of one more shall make the burthen too heavy for endurance.

And lastly we are asked, how can we support the constitutionality of our Treasury Notes? This question gives me no perplexity. I never had but one opinion on the subject, that the emission of Treasury Notes was an act in violation of the Constitution, and that Treasury Notes were bills of credit, emitted by the State. True, there is some ingenuity exercised in disguising their character. They contain no promise to pay—they do not purport to be evidences of debt; but simply certify that they shall be receivable at the Treasury in lieu of so much money. Yet it is a fact that they were issued by the State as bills of credit, and the representatives of money, as a paper medium of circulation. They therefore come within the provision of the prohibition.

What now, Sir, becomes of the gross absurdities attributed to our construction of the Constitution, that were to compel us to depart from the plain meaning of words, and the ordinary structure of written language, and to pronounce that its illustrious authors were unable to express their own views with precision, and its ablest expositors, although active in framing the instrument, were unacquainted with its import? Sir, let others refine among these plain, positive, unambiguous terms, until they get them out of the constitution, if they can, I cannot; I dare not; I have sworn to support this constitution, and with the help of God, I will do so, not grudgingly, but with an active, animated, efficient zeal, I will not perplex myself with enquiries how little can I do, and yet not break my vow; how far can I encroach upon its apparent prohibitions, and not incur the guilt of perjury—but I will uphold and cherish it, as an object of love and veneration, as the bond of American Union, the sure pledge of Justice and Tranquillity; and the best guaranty of my own Liberty and that of my Posterity. I feel no uneasiness at the restraints which it imposes, and indulge no petulant solicitude to throw off its trammels. Unbounded licence of action—the freedom of the savage, has no charms for me. It is good for man as an individual, it is infinitely better for him when vested with rule over others, to have his power of action circumscribed by boundaries over which he must not pass, even in imagination. Which of us has not felt, that there are moments when the vehemence of desire, impatience of present inconvenience, or the suggestions of temporary expediency, will certainly tempt us into deeds which judgment disapproves and conscience bitterly regrets, unless we be kept back and made powerless to act, by moral prohibitions, which have been cherished until they acquire the force of physical laws. Such ought to be the obligation, the binding power of constitutional restraints on those clothed with delegated authority. They check the extravagancies of the moment, and save us from the delusions of novelty, bring expediency into subjection to right, conformity and into with fundamental principles, and ensure ultimately the dominion of wisdom, truth, liberty and happiness.

The question on indefinite postponement was as taken following:

Yeas.—Messrs. Barringer, Borden, Branch, Buie, Putner, Bynum, Campbell, Carson, Chambliss, Chesson, Clark, Eccles, Farrer, Fisher, Gaston, Guize, Green, Green, Harper, Haughton, Hayley, Hellen, J. A. Hill, Hough, Jarvis, Wm. G. Jones, Wesley Jones, Kerr, L. McKim, Long, Loretz, Mebane, Mendenhall, Minton, Moore, Moye, McGhee, McLean, McMillan, McNeill, Nash, Newland, O'Brien, Orr, Patrick, Purcell, Rawls, Rhodes, Richardson, Russell, Sasser, Shipp, Simpson, Smallwood, Speight, Stanly, Swain, Watts, Webb, Wheeler, Samuel Whitaker, Wilder, J. Wilson, T. Wilson, A. W. Wooten, C. Wooten, and Wyche.—67.

Nays.—Messrs. Alexander, Arrington, M. Baker, Z. Baker, Banner, Barnard, Bateman, Bethell, Blair, Bogle, Brooks, Brown, Brower, Byrum, Calloway, Cooper, Cox, Cunningham, Davenport, Dozier, Edmonston, Enloe, Gary, Grady, Hancock, Hatch, W. S. Hill, Horton, Jordan, Kendall, King, Lilly, Little, Love, Melvin, Monk, Morris, Mullin, Murchison, R. Murphy, J. Murphy, Neill, N. Nicholson, Th. Nicholson, Pearson, Sawyer, L. R. Simmons, B. T. Simmons, Sloan, N. G. Smith, Snyder, Siedman, Stockard, Stokes, Taylor, Thompson, Jas. Whisker, White, Williams, Wiseman, R. Wooten, Wright, and York.—63.

MYSTERIOUS RESUSCITATION.

Some six or seven years ago, every paper in this country noticed, with grief or with joy, the death of old King Caucus. The friends of Gen. Jackson claimed the merit of killing the old despot, and the first blow was given to him in Pennsylvania. But late accounts say that he was not killed; but that he was concealed, and has been brought out again by Gen. Jackson's friends at Harrisburg, so much altered that, like old Rip Van Winkle after his twenty years nap, he neither recognizes his old friends, nor they him. He is now in New-York, and unless he should be put down by the new party called "the Working Men," it is said he will take the tour of States to try to get a majority to consent to his restoration. We think it very likely that the People's men, who abused the old fellow so shamefully at Raleigh six years ago, will invite him to a dinner in the same place next December.—Such is the mutability of fortune! and, happily so for giving are all true politicians!—*Catawba Journal.*

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No bill concerning the District of Columbia has become a law, recently, except the bill concerning the Judges of the Orphans' Court, and that to amend the Charter of Georgetown. The labors of the Committees on the District of Columbia, to whose disinterested zeal we are so much indebted, have proved wholly fruitless. The two Houses have not designed to second the labors of their Committees. The People of the District are the slaves to caprice of those who do not represent them, and appear to care very little for the interests of those who abuse of all the Union, are committed exclusively to the charge of the Congress of the United States.—*Nat. Intelligencer.*

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The Legislature of Massachusetts convened at Boston on Wednesday, Samuel Lathrop was chosen President of the Senate, and William B. Calhoun was re-elected Speaker of the House of Representatives. At one o'clock, both branches of the Legislature, preceded by the Governor, Lieut. Governor, and Council, formed a procession, and were escorted by the Independent Cadets, Lieut. Colonel Baker, to the old South Church, where the Election Sermon was preached by the Rev. Dr. Channing. That venerable building was crowded to excess on the occasion, and hundreds were unable to obtain places to hear the preacher.—*Ibid.*

Political Rewards and Punishments.—The following "Trait of Bernadotte," from the New-York "Courier des Etas Unis," shows how the Swedish Military Chieftain, punished his personal enemies:

A Swedish peasant spoke contemptuously of the King, saying—"I don't care a fig for Bernadotte." The peasant was arrested, and under an ancient law of the kingdom, condemned to death. The King immediately pardoned the peasant, and ordered the law to be repealed.—"But," said the King to the Judge, "I don't like to be insulted, and therefore I cannot let this man off, without some punishment; you will therefore please to go to his house, and say to him in my name, 'I don't care a fig for Bernadotte, Bernadotte don't care a fig for you'."