

THE TARBORO' SCÆVOLA.

REPUBLICANISM: THE PALLADIUM OF EQUAL RIGHTS.

VOLUME I.

TARBOROUGH, EDGECOMBE COUNTY, N. C. FRIDAY, JUNE 16, 1837.

NO. 6.

The "Tarborough Scævola,"

EDITED BY
M. E. MANNING,
And printed by J. & W. Manning.
TERMS.

Published every week at

Three dollars per annum, if paid within the year, or Three dollars and fifty cents, if not paid till the end of the subscription year. It will be necessary for those living at a distance, or out of the State to pay invariably in advance. No subscription will be received for a less period than a year; and the paper will not be discontinued until orders are received to that effect, and all arrearsages settled.

Letters to the Editor must come free of postage, or they will not be attended to.

Advertisements will be inserted at the rate of one dollar per square, for three insertions, and 25 cents for each subsequent insertion. A liberal discount will be made to those who advertise by the year. Those sending in advertisements will mark the number of times they wish them inserted.

POLITICAL.

To the Publishers of the Globe:

In originally selecting State banks as the fiscal agents of the Government, the policy was openly and unhesitatingly avowed of limiting the number of banks to be employed to as small a number as the actual convenience of the Treasury Department required, in managing the public collections and disbursements. It was in direct opposition to the original policy to make banks the depositories of the public treasure when not required for the public convenience, merely for the purpose of giving such banks increased means to operate with, and, thereby, to give additional credit and increased circulation to the notes of such banks. The sole questions agitated, in making the selections to the extent which was found adequate to answer all the conveniences of the Treasury Department, were—are the institutions safe? and will those who conduct them act in good faith and with fidelity? The affirmative answer was given to those interrogatories by the patriotic course pursued by the depository banks during the ever-memorable panic session of 1833-4. Had those banks been embarrassed and harassed by legislation, and even tortured by that and the appointment of a brood of new depository banks, I venture the assertion that the depository system, notwithstanding the numerous other adverse circumstances that have occurred to embarrass it, would at this day have waved its flag triumphantly throughout the whole Union, and have proudly bid defiance to any efforts of its enemies to undermine it.

The law of June last caused hordes of applications from every quarter of the Union from banks, and in behalf of banks, to be made depositories of the public treasure. These applications were often backed and advocated by the influence of delegates representing the districts within which the banks were located, aided by the zeal of those who had received, or expected, bank favors. Instances occurred where applications were accompanied and backed by the influence of entire State Governments, legislative and executive.

Where such a field was opened by national legislation for the exercise of State influence, in favor of institutions both inconvenient for the uses of the Treasury Department as fiscal agents, and of doubtful solidity, a request made by such united authorities that such banks shall participate in the use of the public moneys, and that, too, in that imposing form which almost defies denial, who can for a moment suppose that a system thus undermined could long stand without tottering? This very legislation thus diverted the public money from the use of the Government to that of State banks. It thus became the means whereby State banks were built up and sustained while in a state of doubtful solvency!

The policy originally decided upon and followed out during the absence of legislation, and which had stood the test of time, and defied the efforts of the enemies of the system, was substituted by legislation, with a code of regulations which were well calculated, and have contributed mainly, to overthrow, for the present, the whole system.

The catastrophe has occurred. The calamity is upon the country. A nation, not only free of debt, but with millions of dollars which ought to be in its Treasury, at its ready command, and that, too, whilst we boast of having from seventy to eighty millions of dollars of the precious metals in the country, is involved in nominal bankruptcy!

The present state of affairs, under the circumstances which exist, is a stain upon the national reputation. It is injurious to the morals of society. But it cannot be denied that national legislation has done its full share in bringing us to this state.

I freely admit that many banks have acted a prodigal part, and have emitted more paper than they could redeem without obtaining indulgence from the holders. This, however, would not have been the case with all the banks, had not entire confidence, by the failure of a few, been with-

drawn from all, during a moment of panic, both by private depositors and individual bill-holders. There are many of the depository banks which are now in as good condition as any banks ever were in this country; and some of them whose specie in their vaults far exceeds their notes in circulation. It would have been imprudent and impolitic even for those banks to have persevered in paying specie, while all the other banks around them had suspended. It would have resulted merely in furnishing a supply to the exporters of coin, and have wasted that strength and substance which, will be required, and will be more usefully employed, in securing a return to specie payments at a future day.

The universal inquiries now are, how is the evil, which is now upon us, to be cured? How soon are we to return to our former enviable condition? How soon will the banks resume specie payments for their notes? How soon shall we again have a metallic circulating medium for all ordinary purposes?

These are all momentous questions, in which the whole community have a deep interest. The capitalists, the farmer, the mechanic, the skilled officer, the merchant, and more particularly the common laborer, whose day of toil, under the sweat of his brow, furnishes the small pittance with which his family procures their subsistence from day to day, each and all of those have a deep interest in a return to permanently settled, uniform & solid circulating medium.

The important subject of inquiry now should be, how, and in what manner, are these desirable and eventually absolutely necessary objects to be the most speedily brought about and fully accomplished?

It should be recollected, that the evil which is now upon us is one of great magnitude, and that such cannot be immediately remedied. It will require time, as well as great forbearance on the part of the sufferers, before the country can be completely extricated from the unfortunate dilemma in which it has now fallen.

Unfortunately, the general good is too frequently forgotten in the spirit of party, and remedies are resorted to which serve but to aggravate rather than remove the cause of the evil. Such do I consider the tendency of small bills and paper fractions of a dollar, issued by some of the city corporations. The inevitable consequences of this kind of *representative* of money obtaining circulation, is to banish from circulation entirely every description of coin of similar denominations. It is contrary to all the laws which govern currency, that hard money can be made to keep company with a spurious paper currency. There is now a new war and a new conflict going on. It is between a paper currency entire, or a metallic currency for the smaller and the ordinary daily transactions, and paper for the larger. The Whigs advocate the former, and oppose the latter. The Democracy of the country oppose the former, and strenuously support the latter. That which will produce the most good to the country at large, is the system of the two which ought to prevail. The people must decide the question. They will do so, and they will, no doubt judge and decide rightly.

That political party, which is the advocate of the entire paper system, is now the advocate for a Bank of the United States. The chartering of such an institution by Congress is, according to their theory, assertions and doctrines, the only means, and is to operate like a panacea in removing our present evils, paving the way to returning prosperity, and in securing the whole country from adversity hereafter.

The country has acquired, by 20 years' experience, a full knowledge of the benefits such an institution is capable of conferring as well as the extent of the evils which it has in its power (when perverting its power for such purposes) to inflict upon the nation.

At this time I think it may be useful to recur briefly to some of the events in the past history of the bank, for the purpose of showing how far such an institution has been, or can be, useful in supplying a safe and uniform circulating medium, in controlling the State institutions, or the currency of the country. A national bank, or any other bank, which assumes to act so elevated a part as to perform such important services, and to exercise such controlling influences as the above, must, it may naturally be supposed, be always above the reach of being affected by adverse circumstances, or of losing its pre-eminence or conservative powers. Was that the case with the late Bank of the United States? A slight glance at its past history will show.

The Bank of the United States commenced its operations in January, 1817. The rapidity with which it expanded its business is nearly without a parallel. By the 1st of July, 1818, its investments amounted to nearly fifty-one millions, and its circulation to nine millions.—During this period it imported from abroad about seven millions of specie, at an expense of more than half a million of dollars. The infla-

tion which its own operations caused in the currency of the country drove the specie imported from it, as fast as it arrived. It was at that period, (July, 1818,) when its investments and circulation had both reached their maximum, that a revolution with the bank began. A system of rapid curtailment of its loans followed, and continued until the outcry against it and its managers became so loud and general, that its President resigned, and Mr. Cheves was invited to accept the situation thus rendered vacant.

Early in March, 1819, Mr. Cheves took upon himself the Presidency of the Bank of the United States. As early as the 20th of that month, only two weeks after taking his seat, Mr. Cheves wrote to the Secretary of the Treasury regarding the situation of the bank, and declared it to be "in a great degree critical;" and on the 24 day of April following, he wrote to the Secretary of the Treasury, and announced, that "on this day, all the specie in our vaults is not equal to the payment of the State banks by \$30,000." From this statement, it is evident that the bank at Philadelphia was entirely at the mercy of its creditor banks there; and that, had they called for the balances due them, the bank must have declared its inability to pay them. Again, on the 6th April, Mr. Cheves wrote the Secretary of the Treasury, and said, "the critical situation of the bank is becoming more so every hour." By the energetic measures adopted by Mr. Cheves, and the aid given to it by the Treasury Department, the bank acquired some small degree of relief and repose from its former critical posture, by the month of May following. So straitened, however, was the bank, that it was obliged to despatch a special agent to Europe in the Fall of 1819, and negotiate a loan there for two millions of dollars, at an extravagant rate of interest; and in addition to its own security, to hypothecate five millions of the funded debt of the Government, which it then held, as collateral security for the loan, to enable it to pay the Government money in its hands, which was required to meet the payment of the Louisiana funded debt, then falling due, and owing by the Government.

The total loans of the bank went on diminishing until November, 1820, when they had fallen from about fifty-one millions in July, 1818, to about thirty-seven millions and a half. The circulation continued to decrease until March, 1820, when it was reduced from the amount in July, 1818, nine millions, to three millions and a half. These were the periods at which the loans and circulation of the bank had reached their minimum amounts. After these dates, both began to augment. The foreign loan of two millions, contracted in the fall of 1819, fell due in 1822. At that period the bank remained still so feeble that it again despatched a special agent to London to negotiate an extension of time for the payment of a part of that loan, which was accomplished.

For two years, viz: from July, 1819, to January, 1822, the bank was obliged to suspend making dividends.—The first dividend made hereafter, on the 1st July, 1822, was only one and a half per cent. upon its capital stock for the previous six months.

In what other light can this detail of facts which I have given, be viewed, but a crisis in the affairs of the United States' Bank! In place of aiding the Government in the management of its fiscal affairs, it was soliciting aid from the Government; and in place of controlling the State institutions, it was for a time at their mercy. This was the epoch in the disasters of the U. States' Bank.

The next crisis took place in the year 1825. In July of that year the loans had been swelled up to fifty-four millions and a quarter dollars, when, by the end of the year were reduced to less than fifty-one millions; and its specie from six millions and three quarters, the amount on the 1st of January of that year, to less than three and a half millions on the 1st of November following.

Those familiar with the events of that day, know that the mother bank at Philadelphia, in November, 1825, was as near a state of bankruptcy as it was in April, 1819, as described by Mr. Cheves. They also know that the President of the bank, at that time, travelled nocturnally to and from New York, and remained, while there, at a common steamboat hotel, *incognito*, for the purpose of procuring bank checks there upon the State banks in Philadelphia, for the purpose of offsetting against, and liquidating, the balances which those banks held against the Bank of the U. States, to a greater amount than all the specie in its vaults. It was equally well known that a confidential director of the bank was despatched only a few days thereafter to New York, upon a similar errand.

The amount which Mr. Biddle gave of the crisis of 1825, to the investigating committee in 1832, is somewhat ludicrous, and may amuse some who read this article. He began by saying that the fall of 1825 was probably the most disastrous pe-

riod in the financial history of England; that "the wild speculations in American cotton, receded upon England, and spread over it extensive ruin." He then gives an elaborate description of the history given by Messrs Haskinson Thompson, Wilson, Pearce, Peel, and finally, Professor Senior, in relation to the state of things caused and existing at that time in England. The President of the bank then stated that "the very same storm which thus broke upon England, passed over this country a few weeks before. It was on the eve of producing precisely the same results." This he declared to be the only period at which he had ever "felt any uneasiness about the banks in this country." Says the President, "in the midst of the difficulties of the community, two circumstances contributed to increase them; the one a heavy demand for specie for the use of the British Government in Canada; the other was a similar demand for specie to pay the instalments of the new bank, then recently established in New Orleans." *The effect of it was to inspire a general distrust and alarm; and by the middle of November, all the indications of an approaching panic, which would have been fatal to the country.* The President of the bank continued: "That moment seemed to me to be the crisis of the country, to be met only by some decided and resolute step to rally the confidence of the community. In such a situation, I did not hesitate on the course my duty prescribed. I went immediately to New York, where I sought the gentleman who was preparing to drain specie from the banks in Philadelphia, in order to send it to New Orleans and gave him drafts on that city." "I then endeavored to ascertain the real state of things, by separating the danger from the alarm." He then states that he directed the branch at New York to increase its loans \$50,000, which was done; and "from that moment confidence revived, and the danger passed." Another part of the testimony of the President of the bank, in relation to the crisis of 1825, and what the bank did to mitigate the crisis is still more ludicrous, if possible. He said, "It was awhile engaged in preparing for that interposition, which were endeavoring to strengthen the bank, so as to enable it to relieve the general distress; that, anxious to avoid pressing on the community by a reduction of our loans, and finding the disposal of the stocks impeded by the general depression, I told the gentleman who was charged with the sales, that if he could anticipate them, by placing funds immediately at the service of the bank, he should be allowed interest on them; and this sum of \$739 was the whole expense of the measure. In the state of the country, and for the purposes which it was destined to accomplish, it seemed to me, as it still seems to me, a most judicious and fortunate one."

The accounts given by the President of the bank furnish undeniable evidence that the bank was in a dilemma, but that it was fortunate enough to find some friend that made it an advance of money on stocks, for which it paid him \$739 interest, which accomplished the important purpose of freeing the bank from embarrassments, and of enabling it to relieve the pressure existing upon the community.

This is an acknowledged transaction of a great national bank claiming at the same time to have under its control all the State banks, and to be the grand conservator of the currency!

The next crisis in the affairs of the bank occurred in 1832. In March, of that year, the Government having the funds in the hands of the bank, wished to pay off one-half of the three per cent. stocks on the 1st of July following. This was appalling news to the bank, which had gone on and increased its loans during the preceding fifteen months nearly fifteen millions of dollars, and reduced its specie, in a less space of time, between five and six millions. The bank, upon the instant, made application to the Government, by its President, who was despatched to this city for that object, to postpone the payment until the 1st of October. This the Government, after some reflection, and at the urgent solicitation of the President of the Bank, consented to do, on condition that the Bank obligated itself to pay the quarter's interest. When July came, the Government gave notice of its intention to pay off the remaining half of three per cents, on the 1st of January following. The embarrassments which the Bank was then laboring under were so great, that it hastily despatched an agent to London to effect a postponement of the payment of five millions of the three per cents, held abroad "at all events." This was to be done either by getting capitalists to purchase up the same, and hold the certificates as collateral security, or to effect a postponement of payment with the holders, they continuing to hold the certificates. Thus, while the Government paid over to the bank the money to redeem its debts, the evidences of it were to be withheld, and the liability of the Government to be continued, for the sole pur-

pose of accommodating the bank in its embarrassments. The urgent necessities of the bank in the foregoing negotiations were so great, that it committed a violation of its charter!

Can any one suppose that the bank would have resorted to these humiliating measures in the one case, and those of desperation in the other, had not imperious necessity driven it to them?

The removal of the deposits from the bank succeeded these latter transactions a few months thereafter.—From that time up to the expiration of its charter, it kept up, through its own means, and the friends it could command, upon the Administration, a warfare without precedent, either for its malignity or its ferocity. On the 4th of March, 1836, the charter granted it by Congress expired.

On the 20th of February, 1836, the individual stockholders in that bank were convened for the purpose, when Mr. Biddle presented them with a charter, obtained from the Legislature of Pennsylvania, incorporating the same stockholders, excepting the Government, with the same capital, &c.

On that occasion, Mr. Biddle, in enumerating the advantages which the stockholders derived under the new charter over those given in the old, named, that of "its total separation from all the officers of the General Government, an unnatural connection, BENEFICIAL NEITHER TO THE BANK OR THE GOVERNMENT." So it now seems that all the services which the bank was for years trumpeting forth as having rendered the Government, was a mere sham; that it was without foundation; in fact, that it was altogether false. It must be so, if the above declaration of Mr. Biddle is true, that the connection between the bank and the Government was beneficial to neither.

Again said Mr. Biddle: "bearing the same name, continuing in the same place, and with the same organization it enjoys its established credit, as well as its old connections abroad and at home, and it inherits a circulation of twenty-two millions."

This was certainly a most glowing picture which Mr. Biddle dazzled the ears, if not the imaginations, of his listening stockholders with, and for which they voted him a splendid service of plate.

But Mr. Biddle did not stop with the "inherent" of the new bank. He soared still more loftily. After making a strong reference to the war which he had been waging against the Administration previously, he exclaimed in an air of triumph, "how that strife was conducted you all know; how it has ended is proved BY THE EVENTS OF THIS DAY, WHICH RENDER THE BANK SAFER, STRONGER, AND MORE PROSPEROUS THAN IT EVER WAS."

According, therefore, to the testimony of Mr. Biddle, the bank became stronger after it had acquired a charter from the State of Pennsylvania, and ceased all connection with the Government, than it was while it was operating under the charter granted to it by Congress, and while the Government was its associated partner. It was during the continuance of it exhibiting that comparatively lesser strength, that it was claimed to belong to the bank, and asserted that it performed the services of regulating the currency, equalizing the domestic exchanges of the country, keeping the State banks in proper check in their issues, and performing all the functions of fiscal agent of the Treasury of the U. S. The history of the bank, which I have given, until its charter expired, shows with what propriety such claims were set up, or such merit awarded. It is now but a little more than one year, that it has been wielding the additional strength which the bank acquired with its new State charter, with the addition to that strength of a seven million loan negotiated abroad, and some millions of debt contracted at home, in the shape of loans, payable abroad—and where is that mighty institution now, which it has been represented performed such vast services when connected with the Government, and which was "stronger and more prosperous than it ever was," when that connection was dissolved? It is toppled down. It is numbered along with the smallest and humblest village banks in the country. When the hour of adversity came, in place of controlling the State banks, it was controlled by the State banks. It is now shown, that, great as was its boasted strength, it was obliged to yield to the influence of revulsions, the same as the smaller and more humble institutions. *It has ceased to be a specie-paying bank.* Upon this subject, I consider this a fit occasion to quote the language of Mr. Calhoun, its foster-father, in 1816, who then said, "no man in the House would reprobate more than him, the establishment of a bank which was not a specie-paying bank. *A bank not to pay specie, he said, would be an instrument of deception; it would have no character or feature of a bank. HE SHOULD REGARD IT WITH DISGUST AND ABHORRENCE.*"