

limits are contracted and not extended by the over multiplying these institutions.

Is the increase of banks likely to be useful to the trade and circulation of the country? Many are established—more are expected. Great errors of opinion on this head will end in great losses of property, as well as confusion public and private.

A bank is doubtless useful, and almost indispensably so to a trading nation—For by such means a man may make use of his credit as well as his money. His means of trading are increased in that proportion. He gains a new faculty—and this resource increases internal circulation. The removing many of the obstacles which stagnate the circulation of the precious metals, is more useful than an increase of their quantity.

A good bank is so much confided in, that it may safely circulate its notes to the amount of two or three times its capital.

One great and principal resource for this safety and credit is, that all the money in a place will be lodged in its vaults for safe keeping—You have then all the credit and all the advantage of credit which there can be. Divide that specie however between several banks, what follows? It seems to be understood that two banks will be found as good—as one. The reverse perhaps is true. A new bank produces no new deposits of specie. There is not a dollar more money added to the circulation. A new bank divides the deposits of specie, and of course diminishes the advantages of credit. For it is manifest that two banks with small capitals, will do less than one bank with both capitals. The common demand for specie may be such as to drain the small capital to the last dollar, and in the critical events which the changes of trade and politics are constantly producing, such a small bank certainly will be shut up, unless it contracts its dealings within such limits as to be safe. Two banks in one town will do this for safety, and their mutual fears will narrow the circulation within what one bank could support. Suppose for illustration, a single bank in a town where three hundred thousand dollars is the amount of the ordinary specie deposit. The bank with a capital of as much more, is exposed to the least hazard in its dealings that the nature of things will permit. It is altogether improbable that the whole specie will be called for at once. And this improbability gives to the bank paper its utmost circulation. The place has the whole advantage of its credit as well as money. Let us see whether by establishing three banks instead of one, the town has more than the whole—Let each bank have three hundred thousand dollars capital—Here then is three times the former capital, and each bank has but one third part of the deposits—If each bank goes on lending its bills, the circulation will be over-done three fold—of course the bills will be returned, and each bank confined to the limits of its part of the circulation. As it will have only a third of the deposits, it will be obliged in prudence to confine itself still more. The one bank might not be exposed to any great risk of having the whole specie taken off, each of the three banks will be exposed to it every day; and can guard against it only by contracting its dealings in proportion to the risk. It may happen any day that 100,000 dollars specie, the amount of deposit in each bank, shall be demanded; but it would be strange that 300,000 should be. The risk is not divided between the three, tho the profit is. Each runs the whole risk, and has one third only of the resource against it. Besides the ordinary banking risks, each institution is in danger from the others—and this artificial danger is perhaps equal to all the others.

Numerous independent banks are besides unfit for extensive circulation, and as they occupy the local circulation, they neither give accommodation for great distances nor permit it to be given.

It may be said truly that two banks will offer double the amount of loans, and that this facility will induce many more persons to borrow. If however the notes when lent out cannot be kept out circulating, they will be returned to the bank and exchanged. This will defeat the views of the bank, by depriving it of the profit arising from the use of its credit as a capital. If an extra sum, that is double the amount of the notes which one bank with the whole specie of the place would chose to circulate, should be thrown on the public, and kept circulating in consequence of setting up an additional bank, the mischief will fall on the community. Doubling the amount of the circulating medium, will inevitably depreciate the value of money. Debts will be paid with less value.

The specie in the country, with the paper of the bank of the United States, will probably be found sufficient for every purpose of trade and circulation. Adding what the banks already established will circulate, it cannot be believed that there is any necessity for new banks. They cannot be other than pernicious. They will set property afloat, and bring us in danger of such confusion and distress as happened in 1720.

The following PETITION is now before CONGRESS.

To the honorable the Senate and House of Representatives of the United States of America, in Congress assembled.

THE officers of the Massachusetts line of the American army, in behalf of themselves, and the soldiers of the said line, who were engaged to serve during the late war, beg leave respectfully to represent,

That in consequence of the resolution of Congress, recommending to the several states to provide payment for the troops raised in them respectively for their services, until the expiration of the year 1780, they received promissory notes from the state of Massachusetts for the arrears of pay due to them within that period. And although the time has expired in which the principal of the said notes became due, they have received but an inconsiderable part either of principal or interest, five years of interest being now due on a certain description of them.

From the commencement of January, 1781, to the termination of the war, their accounts were settled by a commissioner appointed from Congress. This commissioner issued certificates ascertaining the balances due to them respectively, and declaratory of an interest of six per centum to be annually paid thereon.

Had it been possible for them to have received an actual payment at this important moment, when they were to re-enter life, under the disadvantage of having the habits of their former occupations impaired by their military pursuits, their property and connections deranged and lost, their families involved for a necessary support, it would have proved more advantageous to them than any subsequent relief, perhaps in the power of government to afford them. Instead of this, they retired patiently from the field, possessing only the evidences of their claims, to contend with all the evils incident to their situation; in a confidence, strengthened by the assurance of their beloved General, that the time would come when they should "receive ample and complete justice."

From the imbecility of the Confederation no funds have been established to support the credit of their certificates; and they have been left to take their value from public opinion: The army have consequently realized no more from these evidences of their demands than the value so stamped on them by the public voice.

Under the government of the United States they engaged in the service of America, the records of this government contain the evidence that they have served with faithfulness. And as the people of America are now happy in a constitution, formed with a design, and endowed with the powers, to "establish justice," the prayer and the object of this petition is, that Congress will be pleased to consider the nature and degree of compensation which your petitioners have received from their state and from the Union, and take such order thereon as your wisdom shall direct that the contract between the country and the army may be faithfully and honorably performed.

And as in duty bound shall ever pray.

(Copy.)

B. LINCOLN.



CONGRESS.

PHILADELPHIA.

HOUSE OF REPRESENTATIVES,

TUESDAY, FEBRUARY 7.

In committee of the whole, on the Fishery Bill.

[CONTINUED.]

MR. PAGE.—No man in this House is more heartily disposed to encourage the fisheries of the United States than I am: nor can any one more sincerely wish to encourage the bold, active, and enterprising adventurers in that branch of our commerce to persevere in it, than I do; being sensible of the importance of their traffic in peace, and of their defence of their country, and annoyance of their enemies in war; but, Sir, I much doubt whether Congress can give that encouragement to the fisheries to which they are entitled, and which policy would lead the general government to give, were it not restricted by the constitution.

I consider, Sir, the constitution as intended to remedy the defects of the confederation to a certain degree; so far only, as would secure the independence and general welfare of the confederated states, without endangering the sovereignty and independence of the individual states.—Congress, therefore, was authorized to pay the debts of the Union, and to regulate commerce; partly for that purpose and partly to prevent improper and dangerous commercial combinations,

jealousies and altercations between the states; but Congress was not entrusted with any regulation of exports which could admit of an interposition which might be dictated by partiality; nor was Congress permitted to lay any tax, which could by any possibility operate unequally on the states in general. It is said, indeed, that if a drawback be not allowed on the salt used in salting fish, there will be, in fact, a duty on the exportation of the fish; but to this, I think, it may be replied, that the constitution guards the exports of each state against the possibility of a partial restriction by Congress, or even by the states themselves; that Congress cannot lay a duty on the exportation of rice, indigo, tobacco, &c. or any other article exported from any state, because this might be done to the injury of the state where such duty would operate, and to the advantage and aggrandisement of some particular states, its competitors more favored by the general government, or possessing more influence in the debates of Congress; and that the states are also individually restrained from laying such duties, without the consent of Congress, to prevent acts which might produce jealousies, commercial combinations, and perhaps, at length, civil dissensions;—that this restriction, if it be intended to prevent partiality, therefore cannot extend to authorize drawbacks, which may be productive of partial preferences, and their consequent jealousies; that if drawbacks be granted at all, they ought to be universally extended to every article which is or can be exported from any of the states, having in its composition a dutiable ingredient; that hence ships, and other vessels, &c. should have drawbacks on the sails, cordage, iron, &c. but it may also be said, that as to the duty on salt that is amply repaid to the merchant by the price annexed to his fish; the sums laid out in salt and fish together, form a capital on which he takes care to have a sufficient profit. Those merchants employed in this traffic, if allowed a drawback, would have a preference to other merchants, who import largely, pay heavy duties, and have no other advantage than the usual advance on their goods. The exporter of any article, with a drawback, must have an advantage over his fellow-citizens who purchase thro' necessity many dutiable articles, and are obliged to consume them without any other benefit than the use of them. I mention this, because it has been said (by Mr. Ames) that having made the men of Marblehead pay for salt, they have a right to demand the money expended in that salt, on the exportation of their fish: for it would be as reasonable for the man who had eat his fish, on which his salt was expended, or who had used any other article for which he had paid a duty, to claim of Congress a return of his money expended therein, as the exporter of fish; the only difference is, that if both were paid the exact sum so expended by them, the exporter of fish would get twice paid; the purchaser or consumer of his fish would pay him for his salt therein, as if it were substantial fish, and the state for it as mere salt: here then is a field for partiality, discontent and complaints, which the constitution wisely guards against. It cannot, therefore, be to any purpose to tell us that a bounty, or allowance as it is now called, is preferable to a drawback, as there is not so great room for fraud in the one as the other: nor can it be of importance to shew that the fishermen have not the profit to which they are entitled; that their services in the late war deserve rewards, &c. their country shared with them the glory of their gallant behaviour; but they alone received the rewards they aimed at—the 1200 ships they took was a compensation for services, and a reward for those exploits. It is true they annoyed the enemy; it is certain their prizes sometimes fed, armed and clothed our armies; but it is not said that they did not receive payment for furnishing those things.

But here we are asked, is it not of great consequence to the United States, to employ those bold, skilful seamen in our service, that we may enjoy the commercial advantage they give us in peace, and their powerful assistance in war?—To this I reply, that it ought first to be proved that Congress has the power and authority to give them the encouragement demanded; and even if Congress have that power, it ought to be shewn that it can be extended to the benefit of the sailors of some of the states, and not to those of every state. It may be said that Congress may with as much propriety give bounties to our hunters in the western country, to raise up a nursery of soldiers as a barrier against the Indians, and to promote the fur trade, as to give drawbacks and bounties to the fishermen of the eastern states with a view to encourage fisheries, and to raise a nursery of seamen for their defence against enemies who may invade our eastern frontiers. Indeed, if defence be the object in view, we might as well give bounties to sturdy landmen, to be in readiness and constant training for war.

Indeed, Sir, I confess I am not altogether convinced, that if Congress have this power, it ought to be thus exerted; because it is not clear to me, that those fishermen would not be more profitable