

Gazette of the United States.

PUBLISHED WEDNESDAYS AND SATURDAYS BY JOHN FENNO, No. 69, HIGH-STREET, BETWEEN SECOND AND THIRD STREETS, PHILADELPHIA.

[No. 86, of Vol. II.]

WEDNESDAY, FEBRUARY 23, 1791.

[Whole No. 190.]

FOR THE GAZETTE OF THE UNITED STATES.

ON THE NATIONAL BANK.

IT has been questioned by some, whether the act of Congress, for establishing the Bank of the United States, is constitutional; but if it is a useful mean for carrying into effect any of the powers specially vested in the government of the United States, and does not infringe the rights of any individual state or person, on what principal can it be unconstitutional?

Congress are expressly authorized to make all laws that shall be necessary and proper for carrying into execution all the powers vested in the government of the United States; and the means for effecting these purposes not being specially pointed out, is it not left to the discretion of Congress to chuse the most fit and proper means? And if incorporating a Bank is by them judged a necessary and proper measure to carry into effect the fiscal operations of the Union, why is not that as consistent with the constitution as any other mean? The incorporation is only enabling a number of persons to aid the government, and improve their own property with greater ease and security than they could do in their individual capacity: Their bye-laws will be only rules to govern themselves in the management of their own affairs.

This artificial person will be subject to the government of the laws as much as a natural person—it may be restrained from doing injury, tho its rights may not be violated: And will not the time limited for its duration be short enough to make a fair trial of its utility?

Legislative power is not absolutely requisite to create a Corporation—it is a power often exercised by the Executive Magistrate, without any positive law, or other express authority to authorize it.

The usefulness of Banks has been long experienced in England, and other parts of Europe. The Bank of England was established by act of Parliament to aid the national finances, when other efforts to support the public credit had proved ineffectual.

The establishment of a Bank was thought necessary, and found useful in aid of the finances of the United States, in the time of the late war. And Banks have been reformed to, and likewise found useful under the present government; and will doubtless be found more necessary, as the demands for money encrease, and the occasions for the circulation thereof, become more extensive.

The celebrated Mr. BURKE, speaking of the Bank of England, says, "That in England, not one shilling of paper money of any description is received but of choice; that the whole has had its origin in cash actually deposited; and that it is convertible at pleasure, in an instant, (without the least loss) into cash again. Indeed it might be easily shewn, that our paper wealth, instead of lessening the real coin, has a real tendency to increase it; instead of being a substitute for money, it only facilitates its entry, its exit, and its circulation; that it is a symbol of prosperity, and not a badge of distress."

Such is the constitution, and (if properly managed) such will be the operation of the Bank of the United States. It has been objected, that funded securities being deposited as part of the stock, will not secure the credit of the Bank Bills: But a large sum in specie will likewise be deposited—which, together with the interest, payable on the securities quarter-yearly, will make a fund sufficient to support as much bank paper as will be necessary for common circulation; and if there should at any time be a demand on the Bank beyond the amount of the specie deposited, the money may be raised by sale of the securities, at the market price.

If the proprietors of the stock understand their own interest, they will not subject themselves to inconvenience, or risque, by issuing too much paper. The deposits of specie that will be made by the United States will also give great aid to the credit of the bank. Some have supposed that the stockholders will make too much profit by it; but that is uncertain—they take upon themselves the management and risque, and if it is profitable to them, it will likewise be so to the United States, who will be part owners of the stock.

It will not infringe the rights of the individual States, for they will be at liberty to make like

institutions within their respective jurisdictions. In cases wherein the United States and individual States have a right to legislate, respecting the same objects, (for instance, in drawing revenue from the same sources, for their different purposes) their laws will not oppose each other. Both governments are instituted by the people for their benefit—and so long as each, exercise their trust with wisdom and fidelity, there will be no danger of an interference of their jurisdictions.

No rights of individual persons will be infringed by this act; but all the citizens of the United States will share in the public benefits derived from it; and many of them will derive further benefit from it in their commercial and other employments.

Does it not evidently appear, from the foregoing remarks, that a well regulated Bank will be a necessary and useful mean to aid the fiscal operations of the United States; and that the act of Congress establishing one is therefore constitutional?

The Bank bills, which are receivable only of choice, and for convenience, and may at any time be exchanged for real money, are of a very different nature from those bills of credit mentioned in the constitution, the emission whereof is prohibited to the several states, and not delegated to the government of the United States. The mischievous consequences of that kind of paper currency has been severely felt by these states; therefore it was thought inexpedient to authorize the introduction of it in future in any case whatever.

A CONSTITUTIONALIST.

FROM THE NEW-HAMPSHIRE SPY.

"What reproacheth reason more than to act contrarieties."

THERE is, as I have heard some one express it, "an eternal fitness of things" which I apprehend to be the perfection of beauty. The contrary may be seen in a minister whose behaviour is diametrically opposite to the doctrine he preaches. In a judge who cannot distinguish between right and wrong. In a justice of the peace who is forward to break those laws which he was appointed to have duly observed. In short, all men in respectable offices shew us the contrary, when they are immoral in their conduct—vicious in their practice—unfaithful when they promise—obscene and profane in their conversation—and when they are above doing the duties of their office—or when the duties of their office are above their comprehension.—Some will ask—Are there any such incongruities in this state? I think there are.—In this state and every state and kingdom in the world, and forever will be, till mankind are as willing to be govern'd as to govern.—The evil cannot be wholly remedied—yet I have not the least doubt but those in office may behave with so much prudence, as to do credit to the office which does them honor. B.

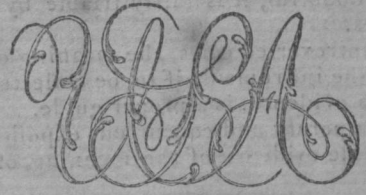
PROM THE VERMONT GAZETTE.

IN proportion as prospects open for public honors, in the same ratio anxiety rises. He that is a candidate for public honors, is a candidate for public mortification. He who has risen to the pinnacle, has nought to fear but a fall. He who electioneers for his friend, because he is his friend, is oathless. Lust of power, and intoxication of glory, lead to glorious and inglorious deeds.

CLERGYMAN.

ANECDOTE.

DURING Lord North's administration, a dispute happened one evening at the SMYRNA whether the premier had any honor. A gentleman, who had been heartily piqued at a refusal from Lord North, would not allow him any share of it; whilst another as warmly espoused his having pretensions to every virtue. The subject created much warmth on both sides, and might perhaps have terminated very disagreeably to one or other of the parties, had not one of the company played the mediator, and very archly said,—“There was no doubt of his honor, who had purchased half the honor of the nation.” A general laugh ensued, at which my Lord's advocate seemed nettled, and, turning upon his heel, said,—“It was a purchase very easily made.”



CONGRESS.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, Feb. 2.

The BANK BILL under consideration.

MR. MADISON began with a general review of the advantages and disadvantages of banks. The former he stated to consist in, first, the aids they afford to merchants who can thereby push their mercantile operations farther with the same capital.—2d. The aids to merchants in paying punctually the customs.—3d. Aids to the government in complying punctually with its engagements, when deficiencies or delays happen in the revenue.—4th. In diminishing usury.—5th. In saving the wear of the gold and silver kept in the vaults, and represented by notes.—6th. In facilitating occasional remittances from different places where notes happen to circulate. The effect of the proposed bank, in raising the value of stock, he thought, had been greatly overrated. It would no doubt raise that of the stock subscribed into the bank; but could have little effect on stock in general, as the interest on it would remain the same, and the quantity taken out of the market would be replaced by bank stock.

The principal disadvantages consisted in, 1st. banishing the precious metals, by substituting another medium to perform their office: This effect was inevitable. It was admitted by the most enlightened patrons of banks, particularly by Smith on the Wealth of Nations. The common answer to the objection was, that the money banished was only an exchange for something equally valuable that would be imported in return. He admitted the weight of this observation in general, but doubted whether, in the present habits of this country, the returns would not be in articles of no permanent use to it. 2d. Exposing the public and individuals to all the evils of a run on the bank, which would be particularly calamitous in so great a country as this, and might happen from various causes, as false rumours, bad management of the institution, an unfavorable balance of trade from short crops, &c.

It was proper to be considered also, that the most important of the advantages would be better obtained by several banks properly distributed, than by a single one. The aids to commerce could only be afforded at or very near the seat of the bank. The same was true of aids to merchants in the payment of customs. Anticipations of the government would also be most convenient at the different places where the interest of the debt was to be paid. The case in America was different from that in England: the interest there was all due at one place, and the genius of the monarchy favored the concentration of wealth and influence at the metropolis.

He thought the plan liable to other objections: It did not make so good a bargain for the public as was due to its interests. The charter to the bank of England had been granted for 11 years only, and was paid for by a loan to the government on terms better than could be elsewhere got. Every renewal of the charter had in like manner been purchased; in some instances, at a very high price. The same had been done by the banks of Genoa, Naples, and other like banks of circulation. The plan was unequal to the public creditors—it gave an undue preference to the holders of a particular denomination of the public debt, and to those at and within reach of the seat of government. If the subscriptions should be rapid, the distant holders of paper would be excluded altogether.

In making these remarks on the merits of the bill, he had reserved to himself, he said, the right to deny the authority of Congress to pass it. He had entertained this opinion from the date of the constitution. His impression might perhaps be the stronger, because he well recollected that a power to grant charters of incorporation had been proposed in the general convention and rejected.

Is the power of establishing an incorporated bank among the powers vested by the constitution in the legislature of the United States? This is the question to be examined.