

FOR THE GAZETTE OF THE UNITED STATES.

[The following was sent to the press prior to the accounts which have been received of the recent fall of Script—but it is judged expedient to pursue the publication, as it may furnish better data for future calculation than have hitherto governed.]

THE extraordinary and still increasing rise of public stock, including that of the bank of the United States, is such as cannot fail to impress on sober minds an apprehension for the consequences. There is room to fear that it will be so wrought up, as to prove a bubble, ruinous to the fortunes of many individuals, and, for a time, hurtful to public credit. To check, if possible, this rage, and indicate the point at which the value of the different kinds of public stock is likely to become stationary, is an attempt, recommended both by tenderness to individuals and regard to public good. It is to be feared indeed that already the matter has proceeded so far, that the propagation of more just ideas, may tend to the injury of not a few; but it is better to hazard this consequence, than to forbear a discussion which may contribute to prevent the further progress of a spirit which may be productive of general calamity.

Nothing can be more erroneous than the foundation upon which are built the hopes of those who consider the present prices of stock, as still short of what they will attain at a period not far distant, and who make vast speculations on that idea. It is common to hear it said that British four per cents are above par—Why then should not American six per cents be worth thirty shillings in the pound?

They cannot be so, for the most obvious reasons.—The market rate of interest of money in England is four per cent—in the United States it is not less than six, excluding the operation of those causes, which at present raise it beyond that point. A citizen of Great-Britain will not purchase stocks in this country which yield him only four per cent, when he can purchase those of his own at the same rate. Distance will be an objection to it—He cannot turn his property here as quickly as if it were in his own country, either to apply it to any beneficial undertaking, or to secure himself, on the prospect of any disastrous event in public affairs—He cannot receive the dividends as expeditiously in one case as in the other—He must pay a commission to agents, who receive and remit, and is subject to loss from the state of exchange. All these differences cannot but be estimated as equivalent to 1 per cent. Hence American 6 per cents, considered as a perpetuity, could not be worth more than 24/ in the pound. Considered as a fund redeemable in certain proportions, they are worth considerably less.

Turn to Holland—The usual rate of interest given there by foreign powers, and hitherto by the United States, computing the charges, is not less than 5½ per cent. Suppose, as is not improbable, the United States should be able to borrow there in time to come at 4½ per cent, including charges—suppose even four, which is remote and improbable—as allowance must be made for the same circumstances which have been mentioned in respect to England, the conclusion must be the same in relation to Dutch as to English purchasers. It is not probable that the Dutch capitalist will be disposed to speculate in the funds here, when they yield less than 5 per cent.

It ought to be remembered that the United States have still considerable loans to make in Holland to pay the arrears to France; and that they will continue to have from year to year, for several years to come, loans to make to reimburse the installments of the foreign debt, which will be yearly falling due. This employment for Dutch capital in new loans to the government of the United States, will necessarily impede speculations in the existing debt, when they no longer afford a considerable profit.

Let it also be recollected, that both English and Dutch capitalists are discovering, that lands, canals, and a variety of other objects, afford scope for speculation more profitable than the funds—and that when no longer allured by considerable profit, they will divert their speculations from the latter to the former. This has in fact already begun.

That foreign speculations in our funds have of late abated, may be inferred from the present scarcity of bills on Europe, and the sudden rise in the rate of exchange.

How then are these high prices which some people dream of to be supported? Is our own capital equal to it?—When the funds shall no longer yield even five per cent, and foreign purchases are at an end, who will be found to deal in the funds, while immense tracts of waste land, as well as commerce and manufactures, invite to a far more profitable employment of money?

The cause of so many being now embarked, is the expectation of still higher prices from foreign purchases; but when it is discovered that this

expectation has been too sanguine, it may be counted upon that a large part of the domestic capital now engaged in the game will be withdrawn.

With regard to bank stock, it is more difficult to reason with precision. The imagination has here too much scope. Dividends from twelve to fifteen per cent, are talked of; but it is not difficult to shew that these are impossible; and on cool examination it will appear that even eight per cent, which seems to be the lowest supposition, is a point not too much to be calculated upon.

Stating ¼ of the whole capital as drawing an interest from the government of 6 per cent.—this will only be ¼ upon the entire capital. Suppose the rate of discount to be 5 per cent, as it is the general opinion it ought to be; and suppose employment found for the whole capital, inasmuch as the bank cannot lend beyond its capital, it cannot make more by its discounts and loans than 5 per cent. Hence the whole income of the institution, on the most favorable supposition, can never exceed 9½ per cent, from which is to be deducted the expence of management.

The current calculations on this subject include the deposits as a source of additional profit; but they will be no otherwise so than as they will enable the bank to operate beyond its specie capital. They cannot enable it to have a greater sum at interest at any one time than 10,000,000 dollars; for though the debts of the bank may exceed its capital, to the extent of the deposits, yet as the credits given for the deposits will carry no interest, the sum of 10,000,000 will always remain the utmost limit of the loans and discounts of the bank, and will alone produce interest.

But the above product of 9½ per cent, including charges of management, ought not to be counted upon. It ought to be remembered, that it is in the discretion of the Directors to have branches or not; and the propriety of having them, is a question at least of delicacy. If there are none, it is far from certain that employment will be found for the entire capital of the bank, in the sense in which it is expected. I say in the sense in which it is expected—for that part, which consists of stock, is, by its very constitution, in employment—but the calculation is upon a double employment.

It ought also to be kept in view, that a part of the stock drawing interest from the public, will be redeemable at pleasure—and that the residue is redeemable in certain proportions. Whatever part from time to time may be paid off, cannot be replaced in loans to the government at the same rate of interest—since it is evident in every view, that the government will not be disposed to give more than 5 per cent. These considerations go in diminution of the expected profits of the bank.

Upon the whole, if bank stock shall yield a nett profit of 7½ per cent, it ought to satisfy every reasonable expectation. It is to be hoped that while the directors are guided by a liberal temper, they will not be disposed to run rashly into forced and critical operations.

It were not an extravagant supposition that the stock of the bank of the United States may settle down at fifty per cent, above par; and six per cents at about 10 per cent, above par, and other stock in the like proportion.—But this is already short of the standard which governs the present course of speculations, and far short of that to which they seem to be progressing. Let prudent men beware!

It ought not to be overlooked that our government is yet in its infancy, and that though from its structure, it merits all possible confidence, there may nevertheless be accidents which for a time would give a shock to public opinion very pernicious to those who outrun the limit of prudence.

A general Indian war, of which it must be confessed, there is no present appearance, but which there are causes enough to produce; a war with any foreign power, which though not likely, is in the ordinary course of human events; a strong appearance of opposition in any quarter to any of the laws of revenue; the death of the President, and a variety of other casualties, the possibility of which ought not to be lost sight of, would very sensibly affect the state of the funds in this country—where long habit and experience have not yet served to confirm the stamina of public confidence.

These remarks are designed as cautions against the excess of a spirit which has hitherto done good, but which carried to a certain extreme will do much harm. It is probable however they will be little attended to. For the history of the public funds in every country affords examples of the same malady which appear to have seized many among us, and for which the only cure has been found to be—the discipline of the sufferings which have attended it.

Advice, if solid, may however prevent the disease becoming altogether epidemic.

A REAL FRIEND TO PUBLIC CREDIT.

PETERSBURG, May 6.

THIS day our court has published a particular account of the glorious expedition of Lieutenant General Prince Gallitzin against the body of Turks that was posted in the fort of Maczin and the fortifications of Ibrailow. His operations which met with such complete success were carried on from the 4th to the 12th of April, and cost the enemy 4000 men and 25 pieces of cannon, an immense quantity of ammunition, and several vessels, either sunk or destroyed. The end of the expedition having been attained, and the body of troops commanded by Prince Gallitzin too small to stand without support beyond the Danube, was employed during the night of the 12th of April, in levelling the fortifications, and then retired without accident to Galacz.

W A R S A W, May 18.

The king has named the ministers who are to compose his council, all agreeably to the regulations established by the new constitution.

In the sittings of the Diet of the 15th and 16th of this month, the examination of the project presented by the committee of the Constitution for the organization of future Diets, was finished. This plan though very voluminous, and composed of 24 articles, was adopted unanimously, and without a word of debate. Every thing promises that the constitution will be completed in the month July next, and then the states may be dismissed.

We every day receive from all parts of the kingdom, the oaths by which citizens, tribunals, civil and military officers of the Palatinats and the different bodies of troops bear testimony of their acquiescence in the new order of things.

In the sitting of the 17th, a very interesting scene took place on the lecture of a note which the Comte de Goltz delivered relative to the new constitution. In it the King of Prussia renews the assurances of his friendship for the King and the Republic. After the lecture of this note M. Kurkoloski spoke against the new constitution, and concluded with saying, "that it was not surprizing that the king of Prussia, should approve a constitution the plan of which he had assisted in framing." This bold assertion struck the Assembly with astonishment. A general expression of indignation was ready to burst on the author of it; when, the king, to shew the falsity of it, said that M. Driedozycki Secretary of the committee of foreign affairs, held in his hand a note of the Comte de Goltz, written the evening of the day on which the revolution took place, in which he unequivocally expresses his surprize that the court of Poland had kept the plan a secret from his master, their ally.—After these few words were uttered M. Kurkoloski, was covered with confusion.

COPENHAGEN, May 21.

Three hundred vessels of different nations have passed the Sound since the 17th inst. Some English vessels among the rest, bound for Petersburg.

The city of Dangberg, in the Bishoprick of Wybourg, has been almost totally destroyed by fire.

Government has just laid an additional tax upon Brown Sugars, imported into Denmark and Norway for consumption there. Sugars imported to supply foreign countries, are not subject to this new duty.

VIENNA, May 25.

The Emperor has given orders that arms should neither be given nor sold to French refugees in any part of his dominions.

The Elector of Saxony has not yet been able to give a positive answer concerning the Crown of Poland, which is offered him by the New Constitution of that kingdom. He is to call a meeting of the States of Saxony, and consult their opinion. Hitherto the crown of Poland has proved a fatal present to the Electorate; but times are changed; and Saxony having had time to repair the effects of its former misfortunes, is now able to defend its new good fortune.

Fortunately, Prussia at this time is desirous from motives of self interest, to see this political marriage take place between Poland and the Electorate.

JUNE 1. It is now too evident, any longer to doubt, that the efforts of Austria are all directed to lay aside the declarations of Reichenbach in the present negotiations. Those former declarations were merely calculated to conceal her close alliance with Russia; which alliance has been kept in full energy, by the activity and good faith of the two parties. All our ports in the Adriatic sea are open to Russia: There they fit out their fleets, they there seek refuge when pressed, and there they repair their vessels. At this very moment their flotilla under the command of Col. Lambro Cazzoni, is in our ports.

The Count Elgin, Envoy Extraordinary from the Court of London, met his Imperial Majesty at Mantua, had a long conference there, and im-