

Gazette of the United States.

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

[No. 40, of Vol. III.]

WEDNESDAY, SEPTEMBER 14, 1791.

[Whole No. 248.]

FROM THE AMERICAN DAILY ADVERTISER.

Reflections relative to the Stock of the Bank of the United States, and to the National Funds.

ALTHOUGH the debt of the United States has been among the circumstances, which have inclined the minds of individuals to the continuance of the union, yet it seems difficult to demonstrate, that a public debt is so far a public blessing as to render the existence of such a demand upon a nation lucrative and desirable in a pecuniary sense. It is however certain, that it is actually profitable to a people to evince a real ability and a sincere disposition to discharge such debts as they may have been obliged to contract. The advantages which a trader (or a nation) gains by a perfect credit, resting upon his honesty and solidity, need not be dwelt upon. It is happy for this country, that all its citizens perceive the advantages of the recent restoration of public and private credit, arising from constitutions and laws enforcing justice, banishing paper tenders and other violations of the rights of property, and investing the general government with powers better adapted to the attainment of national safety, order and prosperity. The impulses to industry and economy, resulting from a conviction that the payment of honest debts is no longer to be procrastinated, and from the acquisition of a government able and desirous to preserve to every man the fruits of his labour, have operated to produce unprecedented exports. These abundant productions shipped to foreign markets, procure copious supplies of necessaries, and upon terms, generally speaking, much more favorable to the consumer than heretofore. The concurrence of these circumstances has rendered our country and its business and public funds, more inviting to judicious and monied foreigners. One species of property after another has, and will continue to feel the spring given by their cash, and the rich and cautious part of our citizens, who had under the former constitutions and laws too frequent occasions to complain, have been tempted to bring their money once more into the business of the country. There are the precious effects at home of honest policy. Abroad they are no less satisfactory and undeniable. Among the most wary people of Europe, loans have been negotiated upon terms as favorable as those which have been made for the most punctual, wealthy, and best accredited nations of the old world.

In this state of things it would have been extraordinary if, the funds of the United States, and of the institutions connected with their affairs and commerce, had not risen to their natural and intrinsic value.

Hence the rise of the price at which our public debt has been sold in the market, hence too the demand which has appeared for the stock of the bank of the United States. If these (and particularly the latter) have been suddenly and strangely operated upon, it is partly owing to the quickness of action which sudden transitions from distress and disorder to great prosperity generally produce in nations and individuals. It is believed however, that the disagreeable fluctuations which have taken place in a small degree in regard to the debt, and so strikingly in the case of the Bank Script, have been occasioned at least in part, by the want of the necessary knowledge among a very large number of the public creditors and stockholders. The intention of this paper is not to set a going any too lively movements on these subjects, fluctuations in which, are to be regretted on public and private considerations, but to contribute towards the prevention of them in future, by recalling or communicating relative facts, which are forgotten or unknown.

With respect to the Bank Script, it is remembered, that comparisons of the U. S. bank stock with that of the bank of England, have been made in detail and in figures, which placed Script at 315 dollars. Prudent men made large deductions from that price, because it was known, that money is yet more valuable in America than in Europe; because the certificate part of the bank stock is liable to be paid off in installments, and because our bank is not like that of England, a monopoly. These considerations, however, ought not to have reduced it down to the prices, which were talked of, which will be satisfactorily manifested by advertising to the nature of the stock of the bank of England. The funds of that institution are wholly made up of the three per cent. debt of Great Britain, and are as follows:

Purchased of the South Sea Company,	£. 4,000,000
On their original fund reduced in the year 1743,	3,200,000
For cancelling exchequer bills, 3d year Geo. 1st.	500,000
Annunities of the year 1714,	1,250,000
Do. 1719,	1,750,000
Do. 1746,	986,800

Sterling, £. 11,686,800 which includes the capital, being £. 10,780,000 sterling, and a surplus undivided, of £. 906,800 sterling. On the credit of this mass of public paper, all of which is at only three per cent. the lawful interest is at 5 per cent. do they depend in their operations; that is, all their stock is two per cent. worse than money. On the other hand, all the stock of the bank of the United States is in money, or in public stock better than money, because the interest is paid quarterly, and the price in the market is actually above par. What the excess beyond par for six per cent. stock ought to be, will not be considered here. It is not to be forgotten, that the bank of the United States may take six per cent. interest on its loans, and that the bank of England can only take five per cent. The stock of the American bank, as far as six-tenths, is in public debt yielding twice the rate of interest drawn on the public debt belonging to the English bank; so that five millions of the certificates of the bank of the United States (or half its stock) will produce to it as great a proportionate interest as if its whole funds were on an interest equal to the English certificates, and the interest of one million of six per cents. and the use of four millions of specie, are left as the superior advantage to our institution. This solid and undeniable advantage has not been taken into any estimate that has been exhibited; and though it is not insisted that it ought to run script up to 315 dollars, yet it proves it to be more valuable than has been generally supposed.

It is very interesting to settle the opinion of the value of the stocks, or debt of the United States. Our loans abroad, which yield the foreign lender precisely five per cent. prove that they might as well purchase at 24s. in the pound, were it not for the commissions and distance. But the European interest is only paid annually, and in America it is discharged quarterly. Again—the constitution and laws have given perfect security to private loans by citizens and foreigners—the subscriptions to every bank in the United States are now filled, and other circumstances promise the reduction of the customary interest. A reduction of an unit per cent. would add 16 2/3 to the value of the six per cents. were they irredeemable. The interest of money on private contract is paid less punctually and with trouble, and cannot be de-

manded but once per annum—the dividends of the banks are paid half yearly, but the public funds give their owners the convenience and profit of quarterly payments. Four per cent. funds in Europe are worth about 100l. in their markets, which must by comparison raise our six per cent. stocks in the estimation of foreigners. It is a very encouraging new circumstance too, that by placing our debt on the public books, the injurious and alarming consequences of counterfeiters are done away. Further—if the six per cent. stocks are compared with ground rents, formerly sold at 20 years purchase, though they were difficult to collect annually, and if we remember that in some parts of America money could not be easily placed in punctual hands at six per cent. and that, in one or two States, more than five per cent. could not have been obtained with good security and quarterly interest, we shall perceive that the six per cent. stock is an inviting object, even to our own citizens, and will not suffer on comparing it with the productiveness of matured real estate. The quality of easy convertibility into cash, at any moment, must recommend it to the attention of the vigilant and enterprising capitalist.

It is really not desired to renew by these observations the too lively feelings of the holders of the public debt or bank script. The objects in view are to give relative facts, on which, in combination with other proper considerations, sober-minded men may ground safe and fair calculations, and to prove to persons whose feelings may have been pained at the appearances of sporting in the funds and bank stock, that there are facts and circumstances in extenuation and explanation of the events, many of some of which may have been forgotten or unknown. The public satisfaction, and the reputation and credit of the country in Europe may be promoted perhaps by explanations and remarks as candid and true as these are intended to be. By a perfect understanding of the subject, it is believed, that a greater degree of stability may be given to the several species of the national paper. To fix the debt at a steady value, is perhaps the most desirable point in finance we have now to accomplish; because an immediate and certain consequence will be, the frequent application of the funds in purchases, which will relieve the incumbered owners of real estate and benefit all others. In the meantime, it must yield them the greatest satisfaction that the public credit has been regained, and supported without the imposition of the smallest burden on their property. The rise of the funds has already occasioned money to be so plenty as to fill the several banks in Boston, New-York, Philadelphia, and Baltimore. This will prevent the further application of the private monies of foreigners and citizens in that way, which must now be applied to build houses, improve farms, purchase lands in the settled and unsettled counties, or will be employed in loans to individuals. A good mortgage law, and the subjection of real estate to execution for debt, in any State, wherein it is so liable, will make money plenty, and easily attainable on private security.

It is not difficult to create great accommodations to trade by means of the public debt. The new bank is a proof of it. A very copious stock has been created by it. The experiment is not new, having been successfully tried in England and Ireland. The old bank of North America has virtually adopted the measure, by laying out one fifth of its capital in purchasing the public debt. An insurance company might easily be established upon it, and they might extend their operations to very convenient loans on bottomry and respondentia. We pay heavy sums for insurance, and various kinds of mercantile credit to foreigners, who consider it often as a favor. It is plain, that the more we can trade on our own funds and institutions, the more freely we can operate and enterprize, and the better terms can we command in the credits we may afterwards incline to take abroad. We also perceive, that the debt and the money made by it can and will be applied to promote manufactures. The want of capital has, more than any thing else, hitherto impeded this branch of trade. A considerable fund is already subscribed—the most precious European machinery is now made, or making by means of that fund—artisans of very considerable talents from abroad are engaged, and a foundation is laid for a successful exemplification of the powers and capacity of this country in the economizing and lucrative business of manufactures.

Let then the candid and serious take a careful view of the useful purposes to which the public funds of the United States may be applied—let those who think that too much profit has arisen to the purchasers, remember, that the public pays not a dollar more on that account, and that the country is profiting of its credit at home and abroad—and above all, let serious monied men reflect, that during the time when prices were the most fluctuating the ability of the United States, the productiveness of the assigned revenues, and the prosperity of the country were as great as at any moment before, and consequently, that the intrinsic value of the public debt and bank stock was as fixed and solid, as if no fluctuations had occurred.

A FRIEND TO SOBER DEALING AND PUBLIC CREDIT.

FROM THE ANALYTICAL REVIEW.

HAVING accidentally heard that Dr. Parry, an ingenious physician at Bath, had discovered a method of suspending madness for a short time, we determined to mention it in our journal; but wishing, as far as in our power not to convey any intelligence to the public, but what is authentic, we wrote to Dr. Parry on the subject, and have received the following answer:

TO THE EDITOR OF THE ANALYTICAL REVIEW.

S I R,
IT is now a year and an half, since, from circumstances, of analogy, I discovered a method of suspending, in many instances, mania, head ach, vertigo, convulsions and hysterical complaints by a mechanical operation. The method I allude to is stopping, by means of the fingers or thumbs, one or both of the common trunks of the carotid arteries. Where the paroxysm is recent, this method generally succeeds almost instantaneously like magic, and the symptoms disappear as long as the pressure is continued, but, for the most part, immediately return as soon as it is removed. I cannot now relate to you all the consequences of its operation; but I may observe, in general, that it has led me to a practice in the disorders which I have mentioned, particularly those called nervous, which is totally opposite to that commonly employed, and infinitely more successful.

It is my intention to enlarge something more on this subject in a paper which I mean to prepare, either for one of the medical societies in London, or for one which some of my friends have lately instituted in Gloucestershire. But it would take a volume to relate all the facts which this discovery seems to explain, and the consequences to which it leads.

C. H. PARRY.
Bath, May 16, 1788.
* Arteries, on each side of the neck, which serve to convey the blood from the heart to the brain.

FROM THE BEE.

CONJECTURES ON TAXATION.

TAXES may be considered as a composition in lieu of personal service, paid to the state for the support and equipment of those who are constantly employed in the service of the public, or furnish the means for its protection.

It has been alleged, that certain imposts are paid by particular orders of the people, without affecting the other classes of the community.

When we reflect however, on the dependence the different ranks of the people have upon each other, we can hardly conceive how one class can be affected, without affecting all the other classes.

We ought not to confound the advance, with the ultimate payment of the taxes; the one is obvious, the other may elude our observation.

When the circumstances of a nation are prosperous, it is probable, that every additional tax is ultimately paid, by an increased produce of the labour of the industrious class of citizens.

If an additional tax is imposed, in consequence of an addition made to the number of the servants of the public, such addition may diminish the number of productive labourers; but the diminished number of labourers may be able to produce as much as the undiminished did. Or if an additional tax be imposed, in consequence of a more ample provision made for the servants of the state, the productive labourers may be able to increase the produce of the labour, as much as the increased provision made to the servants of the state amounts to.

Such increase in the produce of labour, is not necessarily the result of an increased exertion in industry. As the different branches of industry are improved, the same actual exertion produces more than before such improvement took place.

During the progressive state of a nation therefore, taxes may be sometimes increased, without much affecting the great body of the people.

Hence taxes with regard to the nation in general, when they are imposed in consequence of increasing the servants of the state, may in a certain degree be nominal only; for if such addition is made from the idle and dissipated, such of these as have no fund, from which to defray their expences, are perhaps no greater tax upon the public when serving the state, than they were before.

Taxes being advanced in money, if the value of money diminishes, additional taxes must be imposed; and if such additional taxes are only equivalent to the fall in the value of money, such additional taxes will be no more than nominal.

When the circumstances of a state are stationary, as production and consumption, or expenditure, are equal, every additional tax must be discharged, by a diminution of consumption or expenditure.

In the declining state of a nation, when produce is less than expenditure, additional taxes must be paid by the exportation of stock; in this case they will be doubly felt by the body of the people.

Industry by the exportation of stock will lose a valuable instrument, and suffer by losing the demand, which the stock, while remaining at home, made upon it.

Taxes then being ultimately paid, either by an increase of the produce of labour, a diminution of consumption or expenditure, or by exporting stock, it does not appear, will be less felt by the body of the people, when advanced to the state by an impost on wine, than by a duty upon candles.

Certain individuals will at all times have it in their power to free themselves from the burden of taxes, by throwing their share of it upon the shoulders of others. This depends not so much on their rank and situation, as on the demand for their labour, or for the use of their property.

The exemption therefore, that individuals may enjoy, from taxes, does not so much depend upon the mode by which it is advanced, as upon the circumstances above mentioned.

Taxes being advanced in money, and in considerable sums, the lower classes of the people not being possessed of money, cannot be subjected to the advance of taxes.

Hence poll taxes have been found oppressive; and such taxes are obnoxious, because they are too visible. Taxes of this species will generally be paid with reluctance, and in many cases with difficulty; of this kind may be reckoned the window and house taxes. (To be continued.)