

# Gazette of the United States.

A NATIONAL PAPER, PUBLISHED WEDNESDAYS AND SATURDAYS BY JOHN FENNO, No. 69, HIGH-STREET, PHILADELPHIA.

[No. 21, of Vol. IV.]

SATURDAY, AUGUST 11, 1792.

[Whole No. 433.]

FROM THE AMERICAN MUSEUM.

## REFLECTIONS on the STATE of the UNION.

Concerning the Banks established in the United States.

THESE valuable institutions were unknown to us before the revolution, being added to the political economy in the latter part of the war. The paper emissions in the times of the provinces, had yielded some of the advantages of bank notes, though with less safety to those who received them. But the degree in which they were unavoidably resorted to, in the course of the war, had completely destroyed the utility of paper money in 1781. The state of public credit, and indeed of the public affairs in general, as well as the exigencies of the cultivators, merchants, and manufacturers, required an efficient substitute for an instrument of negotiation and dealing, of so great compass. The scheme of a bank presented itself in the manner, which is universally known, as the most probable mean of accommodating the general necessities, political, agricultural, and commercial. The promises, which the plan made, were abundantly fulfilled: and at the same time a standard of public conduct and action in regard to the rights of property, was unobservedly erected, at a moment when the recent course of events had rendered it very desirable, as well from political as moral considerations. It has been found, accordingly, that the laws which concern property, in the places where banks have been established, have quickly acquired a stability, if they were good, and have meliorated, if they were before exceptionable, notwithstanding any supposed or real errors in the plans or administration of the institutions.

In reflecting upon these establishments, one cannot but call to mind a suggestion, which frequently occurs, that too large a portion of the capital of the United States, has been applied to them. Few pecuniary operations are of as much importance. In estimating the extent to which we might have gone with prudence, an examination of the state of that business in a successful and at the same time the best known scene of trade in Europe, may be of some use. In the city of London, the bank of England (exclusively of that of Scotland) has operated with a capital of more than fifty millions of dollars about forty-six years. The population of England, on a medium, during that term, has been less than double that of the United States at present; yet the capital of its bank has been above five times the capital of our national bank, and near five times the amount of all the subscriptions which are yet paid into all the banks in the United States. There are, moreover, a great number of private banks in the same city, probably not less than sixty in number, some of which have more capital stock, than any bank in this country, except that of the United States. The aggregate amount of their capitals is probably equal to that of the bank of England. Besides these, there are very many considerable private banks scattered through the kingdom. In addition to these, there are the public and the private banks of Scotland. If the banks of England and Scotland, public and private, out of London, be equal to the private banks of London alone, then the capital of those institutions in Great Britain, will be 150,000,000 dollars, or above fourteen times as many dollars as there are persons in that kingdom, though the whole of the stocks of the banks in the United States, which are paid in, are not equal to three times the number of their inhabitants. Again, if the banks of Great Britain be measured by the exports of that island, it will be found, that the latter, at their highest value (ninety millions of dollars) are only three fifths of their aggregate bank capital, and that our exports, at 18,250,000 dollars, are above two thirds more than all our bank capital, which is actually paid in. Taking the British imports at 80,000,000 dollars, and those of the United States at 24,000,000, the comparison will be still more in favour of the discretion, which has been observed in the United States. But a very important measure of these institutions yet remains to be applied, by which prudent men will be disposed to test the subject—the quantity of specie. The bank capital of Great Britain being, as above stated, about 150 millions of dollars, and the quantum of specie being never estimated at more than 22,000,000 sterling, or 97,700,000 dollars, the aggregate bank capitals of the United States, as now paid in (ten and one half millions of dollars) would be as prudently, and solidly founded on a quantity of specie a little less than seven millions of dollars. Although it would be impossible to ascertain the precise amount of the specie of the United States, estimates carefully made, appear to warrant a belief, that it is equal to that sum. But while examinations like these seem to abate and even entirely to destroy the apprehension, that we may have pursued the business of banking to the injury of agriculture, manufactures, and commerce, some circumstances of a prudential nature are not to be overlooked. When forming these establishments, we may commit errors, perhaps, in carrying into one scene too great a proportion of the capital appropriated to their creation. Hence the found policy of subtracting from the mass of the bank

of the United States, to establish branches at New-York, Boston, Baltimore, Charleston, and (as is intended) in Virginia, ministering to the convenience, the necessities, and the interests of government, the planter, the farmer, the merchant, the navigator, the fisherman, the shipbuilder, the manufacturer and the mechanic, in six several and variant scenes, instead of accumulating in one great mass, a superabundant capital—a political magnet attracting, through devious courses, and attaching all things to its own vicinity.

It is possible to err, too, in the disposition of banking establishments, by superadding to those which already accommodate a particular scene, rather than introducing the new institutions into places hitherto without them. The United States contain five or six great local subdivisions of trade, resulting principally from the imperious dictates of the nature of things. In most of those great spheres, there is more than one considerable and flourishing town, though there is in each, one which has an acknowledged pre-eminence. When a reasonable portion of bank capital has been introduced into one of these commercial metropolises, the establishment of a new bank would seem to be most expedient in the trading town of the next degree of consideration. It is true, that so far as the operation is an employment, or application of the property of individuals, it must be left (within the laws) to their own will, but as the act of incorporation places the subject within the power of the legislatures, and within the sphere of their cares and duties, so it is highly important that these institutions be modified in their original formation, upon principles of distributive justice, in regard to the reasonable accommodation of the parts of commerce within their sphere of legislation, and of all the landed citizens, who resort to them for the sales of their surpluses produce, or the purchase of their supplies.

A precious consequence has resulted from the distribution of banks through different parts of the United States. Like all great objects, these institutions, while operating very beneficially in regard to the business of a country, are liable to be rendered instrumental to local party views. Being committed, as in the United States, to ten several boards of directors, selected for the service on account of their property, integrity, talents, and attention to business, and whose primary duties are the legal, discreet, and beneficial execution of their trust, it is not probable, nor, indeed, is it in their power, to deviate from their proper walk, into the ground of political combination and intrigue.

A circumstance observable in the bank of the United States, will not fail to attract the attention of cautious men. The portion of public debt, which enters into the composition of their stock, is the particular contemplated. In this respect, the bank of England, and the bank of Ireland (which are among the best accredited of those institutions in Europe) exceed that of the United States in the proportion of one third. It is very favorable to our institution, that the national debt, and ordinary and extraordinary expenses of both Great-Britain and Ireland are much greater in proportion to wealth and numbers, than those of the United States, and that our government is not less free from error, nor more likely to be disturbed than theirs. It cannot, therefore, be more unsafe to confide in our institution, which contains three fourths, than in theirs which is wholly composed of public debt. It is, moreover, true, and worthy of observation, that most of the other banks in the United States (and particularly the three largest) have voluntarily and by their own operations placed considerable portions of their stock upon the credit of the United States, by purchasing largely of the public debt, and by giving at this time extensive credits founded upon its security. The market value of the public debt, which is generally greater in specie than its nominal amount, renders that part of the bank stock, which is composed of it, intrinsically more valuable than that which is in coin.

(TO BE CONTINUED.)

### CHARGE,

Delivered by the CHIEF JUSTICE of the United States, to the Grand Jury of the Circuit Court of Vermont, held at Bennington, the 25th June.

GENTLEMEN OF THE GRAND JURY,

TO contemplate offences, and to prescribe punishments, are unpleasing but necessary tasks; being imposed by the nature of civil society, and by those vices which often prompt individuals to violate the rights of others.

Although no proposition is more true, than that the interests and the duties of men are inseparable, yet it is unfortunately and equally true, that their conduct does not always correspond with the excellent principle. Accurate ideas of interest are far from being universal; and even of those who know what is right, the number is not inconsiderable, whom the delusion or force of predominant passions daily seduce or impel to do wrong.

Hence it is that governments or laws which are calculated only on the virtues of mankind, always terminate in disorder and disappointment, while, on the contrary, those which regard only their vices are generally marked by oppression and undue severity. Both should be considered with equal attention, or a just estimate of their influence

and operation cannot be formed, nor a proper mean between the two extremes observed. It is pleasing to remark, that the national laws appear to have been mindful of both; for while they meet transgression with punishment, their mildness manifests much confidence in the reason and virtue of the people. A confidence which the commendable observance of these laws has fully justified.

Let me remind you, gentlemen, that in all societies there will be individuals whose conduct acknowledges no morality but convenience; and who can only be restrained from offences by motives adapted to their ideas of interest—that is, by penalties and by punishment. Proceed then to inquire, whether any or what offences against the national laws have been committed, and by whom, within this district: Or on the high seas by persons in or belonging to it. All offences from treason to misdemeanors are the objects of your enquiry. It is important that none of the laws be violated with impunity, for being all made for the good, and by the authority of the people, it is highly interesting to the prosperity and honor of the nation, that they be respected and observed: But as they differ in degrees of importance, it is proper that your attention, although extended to all, should in a particular manner be directed to those, whose objects are of the greatest magnitude, and whose due observance more immediately concerns the public prosperity.

Of this description are those that respect the revenue—that revenue, which is to afford funds for the support of our government, and consequently of our rights and liberties; and for the payment of those debts which were contracted for their defence and establishment—debts which we are under the highest moral as well as political obligations to discharge with the utmost punctuality and good faith.

Among the laws made for these purposes, there is one, whose name and object have rendered it liable to misrepresentation, and to imputations it does not merit—I mean the one commonly called the excise act—similar names are apt to excite similar ideas and prejudices; but things and not names ought to decide our judgments. Enlightened citizens will see and judge for themselves, and thereby avoid the rigue of those impositions by which artifice usually dupes ignorance and credulity. This act in its provisions bears scarcely any resemblance to those in Britain, which have rendered their very titles odious. They who will be at the trouble of comparing the act in question with them, will find that it omits and avoids all those improper intrusions on domestic rights, and all those oppressive restrictions, which have and ever will and ought to excite the indignation of free people.

The United States present to the world an unprecedented instance of a nation providing for all their pecuniary exigencies, without having any recourse to direct taxation; or burthening the lands, or any of its productions, with the least impost or duty.

Should fraud be practised and permitted to prevail, the present happy system would cease to afford adequate supplies; and necessity would constrain us to adopt modes of taxation less consistent with our feelings, and in several respects more inconvenient. Let it be remembered, that this revenue is the people's revenue—that the government it is to support, is the people's government—that the debts it is to pay, are the people's debts; and consequently, that they who defraud the revenue, defraud the people.

Among the crimes specified in what is generally called the penal statute, there are two so dangerous to society, as always to merit particular attention—I mean the crime of perjury, and the crime of forgery.

Independent of the abominable insult which perjury offers to the Divine Being, there is no crime more extensively pernicious to society. It discolors and poisons the streams of justice, and by substituting falsehood for truth, saps the foundation of personal and public rights. Controversies of various kinds exist at all times, and in all communities—to decide them, courts of justice are instituted; their decision must be regulated by evidence; and the greatest part of evidence will always consist of the testimony of witnesses—this testimony is given under those solemn obligations, which an appeal to the God of truth imposes; and if oaths should cease to be held sacred, our dearest and most valuable rights would become insecure.

Forgery involves and argues no common degree of turpitude and guilt—although passions cannot legally justify or excuse crimes, yet their impulse sometimes drives men to commit outrages; which in their cooler moments, they disapprove and repent of. The public good requires that they be punished, but they are nevertheless to be pitied. But he who commits forgery, has no violence of passion to prompt, or palliate his conduct. With a heart contaminated with guilt, and a mind polluted with iniquitous desires and designs, he calmly and deliberately prepares and begins his work; and with patience and with caution pursues it. He retires as usual to his bed, and from interval to interval regularly resumes his task in silence, in secrecy, and in solitude undisturbed he prepares to do injustice to his neighbors and fellow citizens—with care and circumspection he selects those, whose credulity, ignorance, or unsuspecting confidence render them the most easy prey; and exerts the utmost powers of thought and reflection to render fraud and iniquity successful. The folly of all bad men is to be regretted; but the punishment of persons so deliberately wicked, can merit very little compassion.

In a country like this, where paper of various kinds has become a medium in all our pecuniary transactions, forgery should be vigilantly watched, and severely punished; for, whenever the authen-

ticity of paper becomes questionable its credit must diminish, its currency be checked, and its utility destroyed. If an injudicious and unjustifiable tenderness for these atrocious offenders should increase their numbers, and encourage their practices; their arts would extend to every object, on which this species of fraud could operate. Wills and deeds not of our own making, would incumber, endanger, and in many instances, dispose of our estates; especially if perjury should give to the works of forgery numerous witnesses to prove their truth and authenticity.

That government may produce the benefits from it, it is highly requisite that their officers faithfully do the duties of their respective stations. I have no reason to suspect that any of them have acted otherwise than virtuously and worthily; but it is nevertheless proper that attention be regularly paid to their conduct, and that no instance of corrupt or unlawful acts or omissions pass unnoticed, that there be no exactions in public offices, nor any of those reprehensible practices tolerated, which under various forms and pretexts disgrace both the officers and the government.

So far as the prosperity of the people depends on a due observance of their laws, and so far as a due observance of the laws depends on the detection and punishment of transgressors; so far, gentlemen, you are responsible to the public for the diligence and care with which your duties may be fulfilled.

Be vigilant on the one hand; be temperate on the other. Be cautious not to pay too little, or too great, respect to slight circumstances. Offenders know the value of silence and secrecy; and evidence, apparently trivial, often leads to evidence plain and satisfactory. First, diligently inquire, and then maturely consider, whether your evidence be such as to justify your making presentations, or to justify your omitting to make them. Let us strike at the guilty, but be careful not to wound the innocent.

Your oath superadds new and solemn obligations to those which result from the laws of morality, against your permitting any partialities, or any passions to warp or mislead your judgments. You are called upon to look to the affairs of the nation in this district, I presume that you will find them in good order. Governments in many respects must act like individuals. When our affairs are out of order, we should look to them to put them in order—and when our affairs are in good order, we should look to them to keep them so.

For these purposes you gentlemen are the eyes of the public in this district; and being persuaded that you will direct and keep them fixed on the path of duty, I forbear adding to the remarks which have already been submitted to your consideration.

EXTRACT FROM THE ALBANY GAZETTE OF August 2.

“AN appeal to the people is to be hazarded on very extraordinary occasions only; perhaps no case will justify it but an essential defect in the constitution. It is impossible to foresee or foretell the dangers of a dissolution of government; none can know where it will end or what establishment will be next. The moment that the people put into exercise that sovereign right of resuming their delegated powers, all forms of government cease, and there remains no rule but that of the passions, which are as uncontrollable as the winds; what destruction they may produce, or what direction they may take, is totally uncertain; and it is an equal chance whether they settle finally in the extremes of licentiousness or despotism.”

“I know it to be the wishes of many, perhaps they would carry with them the majority of the state, that an opportunity might be afforded to give our constitution more of a democratical cast. It is to be feared, that in attempting to deface what they call its aristocratic features they would vitally wound the excellencies for which it is now famed; and those who are most forward to urge on the drama, would have reason to rue the day on which they took a part in it. The volunteer toast of the mechanics of New-York, one of the most numerous classes of citizens, on the late anniversary of independence, is but a spark escaped from the pent up fires of a volcano; and will suggest to the mind of one who but a few years ago has seen what disorders entered the field of politics, as soon as soon as the fences of government were thrown down, prefaces of no defensible aspect. What other toasts may yet be in reserve, may baffle the profoundest politician's researches. On the contrary, we know there are opinions prevailing, that it would promote our peace and welfare, if the interference of the people, in the appointment of their officers, were more limited than it is. In New-Jersey the governor is appointed by the legislature, and as we now have a national president and legislature, they naturally present to us another easier mode of obtaining such an officer than the turbulent one on which we have practised.”

\* May the happy period soon arrive when every civil officer shall be immediately elected by the people.

## WM. CLELAND, BOSTON,

Transacts business in the Funds of the United States;

BANK STOCK, BILLS of EXCHANGE, &c.

Orders from New-York, Philadelphia, or any other part of the Union, will be attended to with DILIGENCE and PUNCTUALITY.

June 1.

(41m 5 1aw2m)