first to fall with a contraction, of the currency.—His meat and flour and other necessaries to support his family may cost two prices, but his wages remain stationary. But let the reverse tide set in, and the first curtailment of the employers expenses, is to discharge his hands or reduce their daily compensation. It is, therefore, the great mass of the people, the great labouring classes of the community, the millions who produce the wealth of every nation, that pay the greatest contributions to this unholy system, this crushing Moloch, in the sweat and muscle of their stalwart frames, and in the hunger and despair of their many destitute and cheerless hours.

The celebrated De Witt Clinton in a message to the legislature of New York, in 1818, while he was Governor of that state, boldly proclaimed that "a proposition to invest banks with the power of coining money would have no advocates, and yet it might not be so pernicious as the authority already granted of emitting bank notes."

To show the power of the banks in enhancing the prices of even real estate, I may mention that in the county I have the honor in part to represent, the price of land in 1809 was from forty dollars to sixty dollars per acre—in 1813–14, when the country was flooded with paper currency, issued by the banks, it was from one hundred and fifty dollars to two hundred dollars per acre—and in 1819 when that currency was in a great measure withdrawn, it was from twenty-five dollars to forty dollars per acre. This was about the relative value of land in this state during the periods named. During the inflation in 1813–14 land in Lancaster county rated at from two hundred and fifty dollars to three hundred dollars per acre. When the depression came, valuable houses were sold in Philadelphia for arrearages of ground rent, the house and the ground not renting for as much as the ground formerly.

Why then extend this system in Pennsylvania? With all the restrictions and guards we can impose upon it, it is, as I have before remarked, still too strong for the law and for the government. The present act of assembly, requiring the banks to keep their notes at par in Philadelphia and Pittsburg, is practically a dead letter. It is utterly disregarded. Heretofore the brokers bought up the bills of these banks at five-eighths or three-fourths per cent discount, and remitted them to the banks at one half per cent discount, so that the broker would realise one-eighth or one-fourth per cent and the bank one-half per cent, by the operation at every purchase and return of these bills—to be again put in circulation, and to pass again through the same routine. But recently a new arrangement has been entered into, and the brokers buy a fraction less to prevent the purchase of the notes by any but brokers, and their too speedy return to their counters for payment. The banks now remit at three-eighths per cent, and the brokers are not to sell to any one who would be likely to demand coin from the banks. Thus the banks make three eighths per cent and the brokers one eighth by buying up their own depreciated paper circulation, which is added to the other profits of these institutions, and is considered a fair business transaction. There is a tax, it is true of two mills per cent imposed upon the circulation of those banks that disregard the law, but I have not been able to discover that it has ever been paid, by any report of the accounting officers of the government. Instead of two mills, the tax ought to be two per cent, to be at all efficient in restraining the evil.

Why not, then, let us keep from enlarging this system in Pennsylvania by creating a host of new banking institutions? There is certainly less demand for an increase of banking capital, since the great influx of gold into the country by reason of the discovery of that precious metal in California. The cry of ruin and distress unless banks are chartered or re-chartered is stale and nauseates upon good taste and public property.

Some of the advocates of the re-charter of the Easton bank have raised the old federal panic cry on this subject, such as what we heard when the United States bank was trying to extort a re-charter from the national government—just as if the wealth of the country depended upon a few bank notes. If the farmers and coal dealers of that region have grain and staple products to send to market, it will bring back its return in real value, in gold or silver or its equivalent, if there were not a bank note in the wide world.

I hold in my hand, sir, one of the petitions for the re-charter of the Easton bank, which is but one of many in precisely the same words, which with all due respect, is positively disreputable to the intelligence of those who signed it. It is a petition of merchants of the city of Philadelphia for the re-charter of the Easton bank, and they say among other things that—

"The winding up of its large discounts and circulation would inevitably prostrate a large portion of this trade [referring to the trade mentioned in a former part of the petition] reduce the value of the commonwealth—injure the citizens and merchants of Philadelphia and produce many heavy losses by failures of individuals."

Here are the Gorgons, Hydras and Chimeras dire—such as raised their heads when the old monster the United States bank, demanded its re-charter at the price and under the threatened penalty of the destruction of the interests of the entire community.

Now, sir, this leads us to enquire into the state of the Easton bank. I find from the returns made by the bank to the Auditor General for the year 1849, for the 1st quarter of the year, November, the following exhibit

Bonds and mortgages,	$94,153 17
Penna. 5 per cent loan,	49,000 00
" 6 " "	20,000 00
U S 5 " "	100,000 00
" " 6 " "	16,700 00
Kentucky bonds,	10,000 00
Stock of the Easton bank—383 shares	19,050 00
Sundry other stocks,	8,385 00
Total	$317,338 17

Thus we find, sir, that out of its capital of four hundred thousand dollars it has three hundred and seventeen thousand three hundred and thirty eight dollars and seventeen cents, invested in stocks and pet loans and withdrawn from legitimate banking business—leaving at that time but eighty-two thousand six hundred and eleven dollars and eighty-three cents in active banking capital. It will be perceived that the bank had then two hundred and twenty two thousand one hundred and thirty five dollars in stocks alone.

Well, sir, for the year ending November, 1850 the same returns show that the bank held two hundred and three thousand six hundred and ninety six dollars and thirty-three cents in stocks, and two hundred and sixty-one thousand three hundred and seventeen cents in stocks and pet loans, leaving for that year but one hundred and thirty-eight thousand one hundred and sixty eight dollars and eighty-three cents active banking capital.

In 1851 its condition was somewhat improved. The returns for the quarter ending in November, show that it held only one hundred and sixty five thousand seven hundred and eleven dollars and twelve cents in stock, and two hundred and six thousand three hundred and twenty dollars and seventy cents in stocks and pet loans, leaving for that year one hundred and eighty three thousand six hundred and seventy dollars and eighty three cents active banking capital.

But taking the quarterly November statements of this bank for the last five years, we find that its average active banking capital for that time has been only one hundred and thirty-five thousand eighty six dollars and eighty three cents, nearly sixty five thousand dollars less than my amendment proposes to reduce it.

Can there be reason any great danger of a general bankruptcy from the withdrawal of this amount of capital from the bank and placing it in the pockets of the individual stockholders? It is ridiculous, sir, to talk thus.—On this part of the subject, the bank must hang on one of two horns of a dilemma—either that she has not accommodated the community in which she is located to any great extent, or else she has been issuing her own notes on the basis of the stocks she holds, and at the same time that she is drawing interest on those stocks, making them the basis of the circulation of her own notes, as if such stocks were specie and draining three interests over again. The latter is the more charitable construction to put upon her conduct, but I find, sir, on recurring to the recent communication from the Auditor General, transmitting the statements of the banks, it is the true one. On page 71 of that communication I find at one time during the past year, on the 1st of May, 1850, that this bank had notes in circulation to the amount of one million sixteen thousand four hundred and forty dollars and forty two cents, bank notes in circulation to the amount of seven hundred thousand two hundred and sixty eight dollars and seventy nine cents of specie in its vaults. Thus I find within a fraction of eight dollars of paper in circulation for every one in specie to redeem them with. At this same time, sir, it was indebted to depositors two hundred thousand six hundred and twenty three dollars and ninety one cents, and to other banks sixty seven thousand fifty seven dollars and nineteen cents—making a total immediate liability of nine hundred and sixty eight thousand three hundred and ninety one dollars and ten cents with but eighty eight thousand two hundred and sixty eight dollars and seventy nine cents in specie to meet it with unless the stocks it held are to be looked upon and treated as a specie basis. I ask, therefore, upon the merits of transacting business by this bank as objectionable and as adopting the principle of free banking based upon public stocks, in its worst form. No wonder this bank has been enabled to declare twelve per cent. dividends for its stockholders for a number of years.

But, sir, I have not much to say in reference to the particular management of this institution—that is not my objection to it. The community have no reason to fear its insolvency, and it has been well managed for the interests of the stockholders, and I believe that this bank has as strong claims for a charter as any other bank application which has been made this winter. There is no objection to it that I know of, except that the institution is too old and perhaps old enough, and been engaged in active and profitable business long enough to retire to private life and spend the rest of its days in luxurious ease and elegance. If banks be good things, they ought to go round and we should not suffer the same set of men one generation after another to enjoy their peculiar advantages. Such a course is anti-republican. It gives a certain set of men the power to control the political, social and even religious affairs of the community in which it may be located. It is a kind of power which it should be suffered to exist at all in this country, should be permitted and even required to change hands.

But, sir, this bank is particularly tenacious of a continued existence and most strenuous exertions have been made in its behalf, and it is said to be demanded by the entire people of that region of the state. It applied for a re-charter in the winter of 1850. It renewed its application in 1851, and "Monsieur Tonson has come again." We have a homœpathic doctor in the town in which I reside, by the name of John K. Smith, and a very good one I believe he is, too, of the sort. He left the place, thinking to do better, and located in York county—but in a brief space of time he returned, and at the public houses could be seen a card in large letters—"Dr. John K. Smith back again." Now, sir, whether this bank administers its doses according to the homœpathic or allopathic practice, I am not prepared to say, and whether its practice is adapted to cure the financial diseases of that section of the commonwealth, I am equally ignorant; but I am strongly inclined to the belief that the people there are tired of its medicine. And why do I say so? From certain facts which are well known all over the commonwealth. In the winter of 1850 this bank had an able champion on this floor, in the person of my learned and venerable friend the Hon. Jas. M. Porter, who was then one of the representatives of the county of Northampton, and whom I have seen in this hall since this discussion commenced, apparently watching with manifest interest the fate of this bill. I have known him from my youth up, and have a right not only to call him friend, but instructor and counsellor, for I was connected for some years as a student in the literary institution of which he was the honored head. But, sir, in this matter I would be recreant to my duty, as I understand it, as a representative on this floor, were I to follow his advice and counsel. Well, in 1850 he piloted the bill rechartering this bank through this house, and it was lost in the Senate because the bank refused to answer certain questions propounded to it by the committee on banks of that body, in relation to the employment of its capital.

The Speaker (Mr Rhey). The gentleman from Cumberland is mistaken—that was not the cause of the bill failing in the Senate. It was from other causes entirely.

Mr. Bonham. It may be sir. I was not here. I only state what has been told me. One thing, however, is certain, and that is all that is material—that the bill passed this House through the exertions of the honorable member from Northampton (Mr. Porter) and was defeated in the Senate.

Well, sir, this gentleman was re-nominated on the democratic ticket in the fall of that year, 1850, for re-election, as the open and avowed friend of the re-charter of the Easton bank, and both he and his colleague were defeated largely on that issue in the democratic county of Northampton, where they have usually from twelve to fifteen hundred democratic majority, and the two Browns sent here in their places.

Mr Lilly. The gentleman from Cumberland must know that the two Browns were in favor of the re charter of the Easton bank.

Mr. Bonham. Ah! I do know that, but they were firmer friends of the charter of the new bank, which they pushed forward first, and succeeded in getting through, and which was the main cause of the bill re-chartering the old institution being defeated, as the new one was considered by the members generally as intended to occupy its place, the capital being about the same in amount.

Well, sir, what next transpired? Why the bank entered with desperation into the last fall's election, determined to "sink or swim, live or die, survive or perish." She attended the township delegate elections, secured and controlled a majority of the Democratic County Convention, and nominated two gentlemen for the Assembly who were pledged to go for her re-charter. And I saw in relation to that ticket what I never saw before, in relation to a Democratic ticket. It was published in a Democratic paper, the leading Democratic paper of the county, with large letters above it, in the following words: "Pledged to the re-charter of the Easton Bank." Now sir, I never saw any thing like that in any other county of this commonwealth, and I think that kind of tactics was new in the history of the Democratic party of the State. It is bad enough for Democrats to vote for bank charters, without being publicly pledged to do so before the people. But thus was this ticket pledged—pledged to go for the re-charter, the continued existence of a great monied institution, which had grown fat upon the spoils it had wrung from the community in which it was located, by reason of the many privileges it had long enjoyed by legislative enactment. And what was the result of the election? Why, my excellent friend from Northampton on that ticket [Mr Meyers] was elected by a small majority, by reason of his great personal popularity, and his colleague [Mr Hutter] a gentleman of high standing in the community, of great intelligence, the editor of the leading Democratic organ of the county, was defeated. He was every way well adapted by reason of his capacity and business habits, for the office for which he was nominated, but he had the Easton bank on his shoulders, and standing like Atlas with the world upon his back, it was too heavy to be borne, and he fell beneath its crushing weight.

The Speaker [Mr. Rhey]. I must call the gentleman from Cumberland to order. The elections in Northampton county have nothing to do with the question before the House.

Mr Bonham. I think, sir, I am in order. It has been represented here by petitions and otherwise that the people of that section of the State are unanimously in favor of this bill being passed, and I have a right to show that whenever it has been made a test question at the polls, there has been a decided expression of the people against it.

The Speaker. I shall insist on the gentleman from Cumberland confining his remarks to the merits of the bill under consideration. The gentleman will proceed.

Mr Bonham. I have said all I have to say in relation to the popularity of this institution, and shall turn my attention to other matters.

I have already referred to the absence of any necessity for more banks, and a further increase of the banking capital. I come, therefore to the second branch of my amendment, the prohibition of this bank should she receive her charter, from issuing notes of a less denomination than ten dollars. As to this institution now is the time to speak on this subject. She would then know what she had to depend on, and would receive her charter with her eyes open. We must do something in earnest on this question as we are in danger of a retrograde movement, and the repeal of what few restrictive laws we have, prohibiting the circulation of notes of a small denomination. The great increase of the precious metals renders the circulation of small notes entirely unnecessary. The precious metals should, at all events, form the circulation between consumers—the consumptive circulation (as it is called by writers on political economy) if not between traders.

It was the opinion of Adam Smith that the country banks should not be permitted to issue notes of a less denomination than five pounds sterling, or twenty four dollars in Federal money—and that the city banks should not issue notes of a less denomination than ten pounds sterling or forty-eight dollars. He believed that the circulation between consumers should be the precious metals—the circulation between dealers might be paper.

These views were adopted in England, until the suspension of specie payments in 1797 by the Bank of England and permission was given to it and to the country banks to issue notes of as low a denomination as one pound sterling or four dollars and eighty cents.

The Bank's suspension continued until 1821 twenty four years and the precious metals began to be looked up on as an unnecessary incumbrance and when bank notes passed at a considerable discount many writers affirmed that paper had not fallen but that gold had risen in value.

This led to an investigation of the subject in Parliament, and the famous report of the Bullion Committee, made in 1811, which strongly advocated a return to more correct principles of banking and currency. In accordance with the views an act of Parliament was passed, prohibiting the issue of all notes of a less denomination than five pounds sterling after a certain day named in 1829. In 1828 an effort was made to repeal this law. In a debate on this subject on the 3rd of July, 1828, the Duke of Wellington said the measure of 1826 was not founded on any theory but on experience which the few last years had confirmed. That experience had proved the fallacy of a theory which stated that a paper currency was perfectly safe as long as it was convertible into gold and silver. Experience had proved this theory not to be true. It had likewise proved another theory not true—the theory that one pound notes and sovereigns could circulate together.

Mr. Huskinson, Mr Grant Lord King, Lord Liverpool, and other distinguished men took the same view of the question, and the repeal was successfully resisted.

If there be any one truth established in the laws of currency, it is, that the baser circulation will take the place of the better.

The bank of France formerly issued no notes of a less denomination than five hundred francs or ninety-four dollars in our currency, and at present, I believe, no bank in that country is allowed to issue notes of a less denomination than one hundred francs, or eighteen dollars and eighty cents, in Federal money.

Now, sir, it is a matter of surprise, and I may as well mention it in connection with the subject under consideration that a bill has been introduced into this House repealing the 18th and 19th sections of the act of 1850, prohibiting the circulation of notes of the banks of other States of a less denomination than five dollars, and that it appeared to stand a fair chance in connection with the various applications for bank charters, of passing this body. A proposition was moved as an amendment to the bill I have just mentioned, to allow the banks of our own State to issue small notes under the sum of five dollars. Now, sir, such legislation is to be sincerely deprecated. Suffer these foreign notes to come in among us, and the community will scarcely ever see a gold dollar, or quarter eagle again, except on the counter of some bank. The whole channels of circulation will be filled by these foreign rags. And while we seem to be insensible of our danger, the surrounding States are awakening to the importance of the subject and the magnitude of the evil they are enduring. In Maryland the nuisance of this kind of currency has become so great that the people have called loudly upon the Legislature to purchase the circulation of the small bills of the Banks of other States. The House of Delegates did pass such a bill almost unanimously, but whether it has passed their Senate and become a law, I have not observed.

A correspondent of the *National Intelligencer*, in writing recently from Baltimore, bears the following testimony in reference to the circulation of small notes in New England and the anxiety [illegible] banks of that region to force this kind of currency upon the people. He says.

"Notwithstanding the Government are now furnishing a good supply of small gold coinage, the banks of New England set their faces against it, and in travelling through all the Eastern States, I scarcely see a gold coin—nothing but ones, twos and threes of the banks. Could not the Sub Treasury at Boston, by withholding coin over five dollars, force *the one dollar* and quarter and half eagles into circulation? That policy would compel a curtailment of the immoderate small issues of all the New England States, of which [illegible] the great-est sinners. The circulation of the New England States, I expect, is nearly thirty-five millions, with little if any more than three millions of specie. This is awful."

Major M'Caslin, the Senator from Greene, has made a movement calculated to procure the joint action of several States on this subject, and it has had the desired effect of directing public attention to the evil. Resolutions have been introduced into the Virginia House of Delegates, requesting the Governor of that State to open a correspondence with the Governors of Maryland, Pennsylvania, Ohio, Kentucky, Tennessee and North Carolina, and urge them to co-operate with Virginia in the passage of a law to prohibit the circulation of bank notes of a less denomination than five dollars. Another resolution instructs the members of Congress from Virginia to urge the passage of a law to prevent the circulation of small notes in the District of Columbia.

In a recent number of the Petersburg (Va) *Intelligencer*, I find the following sensible remarks on this subject. It says

"We should, if possible get rid of all Bank Notes under the denomination of $5, and this can only be effected by the joint action of the State Legislatures, aided by such legislation by Congress as will break up the system of private banking and small note issues in the District of Columbia. If this can be accomplished, and an alteration made in the standard value of silver, small notes would soon disappear, and in their stead we should have a silver circulation. A move on this important subject, we rejoice to see, has been made in the Senate of Pennsylvania. We hope our Legislature will, at its present session, follow the good example set in Pennsylvania, and, at least, make an effort to rid the State of an evil which is already grievous, and which is steadily and rapidly on the increase. Should this effort fail, no additional harm can accrue, for we should then be just where we are now. It is a self evident proposition that no separate State action can rid us of small notes. If the State and the General Government do not legislate harmoniously on the subject, the evil is incurable."

This is one plan in reference to foreign notes, by those who are suffering from the effects of the trash issued in the District of Columbia. In Pennsylvania, however, I think we can take care of ourselves, if we but adopt the proper legislation. Since the foreign small bills have been driven out we have a tolerably good currency, with the exception of the relief notes, which I had hoped to have seen entirely withdrawn from circulation, by an act to be passed at the present session of the Legislature. That measure was defeated in this House by one vote.

The small notes of our own banks were prohibited under severe penalties as far back as the act of 12th of April 1828. The spirit of that act has been faithfully carried into effect ever since, with the single exception of the act of 4th of May, 1841, which was rather a financial measure—to raise means to enable the state to borrow money from herself, after she had literally gutted the banks, so as to leave nothing in them but the old stools and benches. She could not longer borrow from the banks, and adopted the unjustifiable method of issuing her own bills of credit through them, in defiance of the constitution of the United States. She gave the banks the privilege of issuing these bills of credit in small sums, to enable them to keep the coin of the country in their vaults, and give them the profits of the wear and tear and loss of these small bills as compensation for their trouble.

Now, sir, my amendment is a counter project to all these movements of abolishing the laws in relation to the circulation of small bills either of our own or foreign banking institutions. It is entirely practicable to adopt the measure I have proposed, and let the Legislature insert this provision in each bank charter that is renewed, and as they pass in review before you, the whole banking institutions of the state would in a short time have this wholesome clause in their charters. Let no bank be chartered or re-chartered without it. Then on the next renewal of their charters or in a few years, a further restriction could be imposed, so as to prohibit the issue of all notes of a less denomination than twenty dollars, and then after that, they could be restricted to notes of not less than fifty dollars—and in a reasonable time by this gradual and healthful reform in our banking system we could eventually throw the power of regulating the currency back again to the general government where it rightfully belongs. We could then have, instead of banks of issue, our banks of transfer and deposit, which are all that are required for commercial purposes, having a specie currency for small business transactions and the consumptive circulation, and United States treasury drafts and treasury notes, and bills of exchange representing nothing less than their full value, dollar for dollar in specie in the vaults of the government as received at different points for customs or in the banks of deposit and transfer for the larger commercial transactions. Thus we would get back to the practical operations of the currency provided for in the constitution of the United States, by the wise framers of that instrument and the country will never be permanently and truly prosperous until we adopt this policy.—Without this all is uncertainty, commerce but a game of chance, private enterprise not half pursued, the spoil of unlooked for and unexpected contingencies and no man even the wisest can tell in financial affairs what a day may bring forth.

I have said in substance that these views which I have submitted are not chimerical but practical. The recent discoveries of gold will make a great change in matters of finance and currency. What will be its effect we cannot exactly tell but that it will produce great changes will not be for a moment doubted.

By the discovery of America the supply from the mines of the precious metals was increased ten fold and the rise in prices from 1520 to 1620 was four fold. It is perhaps impossible to ascertain with any degree of accuracy the amount produced annually for any given period of time. From a statement made by Brognart of the production of the precious metals from 1790 to 1802, it is estimated at forty five millions five hundred and eighty five thousand two hundred and forty one dollars annually. The entire production from the mines of America from 1492 to 1825, according to a table compiled from the statements of Humboldt and Ward amount to $6,200,000,000. The quantity existing in the world at the time of the discovery of America and that added from other sources since that period, are in a great degree conjectural, but it is supposed not to be under eight thousand millions of dollars. Mr Gallatin however estimated the stock of precious metals on hand to be only between four and five thousand millions of dollars. From 1804 to 1809 when the American mines are believed to have been most productive the annual supply was fifty millions of dollars. In the twenty years succeeding the latter period, from 1809 to 1829 it has been estimated that there was an annual production of the precious metals of only twenty seven millions of dollars, eighteen millions in silver and nine millions in gold. This included the product of the South American, Mexican and Russian mines.—During the eight years preceeding the year 1819 the supply from the mines is supposed to have fallen off one half owing to the political troubles in South America.

But the stock of precious metals has been and is likely to be greatly enhanced by the recent discoveries in California. It has been estimated by those having the opportunity to judge correctly, that the production of gold from California has been considerably over one hundred millions of dollars equal to one half the total coinage of the country since its separation from the British Empire.

In addition to the large amount received at the mint, not far short of one hundred millions of dollars, must be added large amounts received and consumed by dentists and jewellers, considerable amounts shipped from San Francisco directly to other countries; the whole amount of the gold coinage and circulation of California itself, including the fifty dollar pieces, stamped by the U. S assayer, and all the gold in the hands of merchants and miners on the Pacific coast. It would not be too large an estimate to put down the entire production from the mines of California to this period of time at two hundred millions of dollars. The present Secretary of the Treasury in his last annual report estimates the product of gold in California at from seventy-five to one hundred millions of dollars per annum. This may be too high but he has peculiar opportunities of knowing the true state of the facts.

To this large supply may be added an indefinite amount likely to be obtained from recent discoveries of gold in Australia.

In a report submitted by the committee on Finance in the Senate of the United States, so late as March 9th, 1852, relating to a change in the coinage it is estimated that the annual production of gold and silver in the world is now and will be one hundred and fifty millions of dollars. I have not that report before me, but I recollect most distinctly that such is the opinion of that Committee.

And a gold currency is within our grasp, unless it be driven into the vaults of the banks by the increase of banking capital, and the increase of bank paper. The amount of coinage at the Philadelphia mint alone from January 1851 to November last, amounted to forty six millions one hundred and thirty nine thousand one hundred and thirty one dollars, according to the official returns. I have not the December return before me, but the coinage for the three months of the present year, January, February and March amounts to eleven millions one hundred and one thousand three hundred and ninety six dollars, being an average of nearly four millions of dollars per month, and the whole coinage thus amounts to nearly fifty five millions of dollars for the year. For the corresponding three months in 1851, the coinage was larger than thirteen millions of dollars and more than four millions of dollars per month.

With gold flowing in upon us at this rate, what do we want with more banks? There is no danger of our being in want of a circulating medium. If we have the commodities to exchange, they will always bring the gold or silver if we desire it. In countries where there is a large metallic circulation, commerce is liable to derangement only from great natural or political causes. The supply of gold and silver as a circulating medium naturally adapts itself to the state of trade in different countries. The plethora produced in prices in this country, by the excess of paper money is the leading cause of the balance of trade (a humbug idea so much deprecated by the Whigs) being against us, and the exportation of the precious metals. We sell to them at their specie standard, and they sell to us at our inflated paper money prices.

And, sir, it is a curious fact when we hear so much about "aid to American industry," that those who cry "aid" for protection, are also the most zealous advocates of a paper currency. Do they not see that no protection can avail them if we, as the producers of the staples, are paid in a depreciated currency? "Actions speak louder than words" by the example. The high prices of the raw materials and labor which enter into the manufactured article will not enable him to sell at a price to compete with the foreign manufacturer—as although these prices apply to his manufactured product as well as to the labor and materials employed in its production, yet that inflation invites importations from abroad, and produces a competition which our manufacturers cannot endure in our own markets. High tariffs and expanded currency go hand in hand, and superinduce the necessity for each other. The best protection which our manufacturers could enjoy would be a stable, uniform and sound currency—one that did not raise the price of everything they consume to double its real value, when they have to sell at the prices established by the laws of trade and the markets of the world. No tariff can protect them under such circumstances unless it amounts to an absolute prohibition. And if they had that, then a rush of capital would enter the business which enjoyed this monopoly of sale in American markets, produce over action, and consequent prostration.

Intimately connected with this view of the subject, is another as to the supposed deficiency of a currency, were paper issues curtailed or lessened. I have already stated the large increased production of the precious metals.—They will go wherever they are wanted. The supply of gold and silver conforms to the relations of supply and demand, the same as the demand and supply of any other commodity. No prohibitions can prevent the precious metals departing from those countries where the amount is beyond what their trade and industry require. No country can be deprived of its just proportion of the precious metals, except by the use of paper as their substitute, unless it be some extraordinary cause, such as war, pestilence or famine, which may ruin the commerce and industry of any nation. No obstacle except spurious money, can prevent the precious metals from flowing into countries where wealth is increasing. The uniform testimony of all sound political economists is this, that there is no instance on record of a nation having arrived at great wealth, without the use of gold and silver money as a currency. Neither is there, on the other hand, any instance of a nation's endeavouring to supplant this natural money, by the use of paper money, without involving itself in distress and embarrassment. Witness the blighting effects of the South Sea paper fraud in England, which although it lasted but a few months, spread devastation and ruin among all classes of her people. Witness the effect of the long suspension of the Bank of England from 1797 to 1824, when many hundred millions were added to their national debt, and the amount of private indebtedness was swelled to a vast amount, ending in wide spread commercial embarrassment. It may be said that was the legitimate effect of the continental wars, to put down Napoleon, in which England was actively engaged during most of that period. But this could not be the real cause, for during that same period, with a steady unchangeable metallic currency, France experienced all the horrors of war, was twice invaded by a foreign army, her capital had been twice taken possession of by the Allied forces, and she obliged to pay large sums of money to force go countries, and yet she escaped serious financial derangement and mercantile distress. But she did not thus pass through the ordeal of Law's scheme, the Mississippi bubble. Thus rendered her public treasury bankrupt, spread desolation among her princes, nobles and peasants, crushing thousands of private fortunes and throwing a blight upon the industrial interests of France far worse than war or foreign invasion.

And look at our own history. Look at the Provincial paper money, and at the two hundred millions of dollars, as estimated by Jefferson, of Continental paper money, which went far to corrupt themorals of the people, destroyed the fortunes of thousands who had most confidence in it, and crippled for a long time the trade, husbandry and manufacturing interests of the country. It was in view of these evils, that the framers of the constitution of the United States felt the necessity of inserting that provision which forbids any state to emit bills of credit, pass any law violating the obligations of contracts, or make anything but gold and silver coin a tender in the payment of debts—and so cautious were they on the subject of the currency, that they forbade the states even to coin money, which would be far less liable to abuse than the power to emit bills of credit.

And look also at the paper money crises of 1817, 18, 19, 24, 37—and other times of more or less commercial distress in this country since those periods. Bankruptcy became a familiar acquaintance and friend—the riches of to-day were but the precursor of the poverty of to-morrow—fortunes were lost in a day, and despair and alarm were the constant attendants of those who had hitherto nothing but the sun light of prosperity beaming upon them.

In this state the blighting effects of the over issue of paper money by the banks chartered in 1814, were most strikingly manifested. In the month of June in the year 1821, the sheriff of Bedford county billed two new paper columns and a half with his advertisements. The sheriff of Berks in the same month offered for sale three thousand acres of land, besides town lots. In August fifty seven farms were offered for sale by the sheriff of Westmoreland county, sixty three pieces of real estate by the sheriff of Northampton—and thirty-seven by the sheriff of Mifflin. In October, the sheriff of Cumberland my own county advertised for sale two thousand three hundred and eighty acres of land, besides twelve town lots with handsome improvements. In December of the same year the sheriff of Berks offered for sale the property of forty persons. This was the state of things in only six out of the fifty two counties, then existing in Pennsylvania—among the oldest and most important ones it is true, but the distress was equal if not greater in the more sparsely settled portions of the commonwealth.

The effects of this large expansion of paper currency did not stop in 1821–22, but were felt on up to 1824–25. In May 1825 the Sheriff of Adams county advertised thirty-three estates for sale. The Juniata Gazette in July contained thirty two advertisements by the Sheriff. The Sheriff of Fayette county in the month of June, offered for sale one hundred and eighteen tracts of land, containing forty five thousand acres, or one eleventh part of the whole county. In the same month the Sheriff of Bedford county offered for sale twenty three estates, and the Sheriff of Westmoreland twenty six. In December forty eight estates containing together three thousand three hundred and forty two acres of land with farm houses, barns, grist mills, and other improvements, belonging to thirty one different persons were offered for sale by the Sheriff of Berks county.

By the act of 23d March, 1814, forty one banking institutions were chartered, thirty seven of which went into operation, and the banking capital of the State was increased about seventeen millions of dollars. Yet the circulation of the country banks at the period of the greatest inflation in 1815 was only five millions three hundred and forty nine thousand two hundred and forty seven dollars, and that of the city banks was four millions eight hundred and ten thousand five hundred and seven dollars, making in all ten millions one hundred and fifty nine thousand seven hundred and fifty four dollars—being one million seven hundred and seventy three thousand seven hundred and two dollars less than the circulation of the banks at the present time according to the recent report of the Auditor General. The circulation of the banks fell from more than ten millions in 1815 to three millions twenty nine thousand three hundred and twenty five dollars in 1819—one million three hundred and eighty four thousand dollars for the country, and one million six hundred and forty five thousand dollars for the city. In this estimate of the circulation in 1815–19 the bank of North America is not included, as I could find no returns from that bank for those periods.

It is now proposed to increase the banking capital of the State more than twenty one millions of dollars, according to the applications on the file of the two Houses, and those advertised in the newspapers, and, of course, a proportionate increase of paper circulation. We have seen the effects of the expansion of the paper medium in 1815, and its contraction in 1819. I may mention also that the Bank of the United States reduced its circulation in 1818 throughout the entire country, better than seven millions of dollars. This contraction of the currency was the necessary consequence of the expansion—the necessary operations of the system when unduly stimulated by an increase of banking capital, which superinduces necessarily an increase of paper circulation.

Do we wish, therefore, the scenes of 1821, and before and after that period, enacted over again on a still larger scale, and with still more disastrous effects? I look upon an increase of banking capital at this time, connected as it would be with the present railroad mania, and subscriptions of stock to such roads by municipal and other corporations, as building up such a stupendous system of credit, such a net work such a concatenation of sheer promises, as has never before existed in this State, and the effects of which would be more disastrous than any heretofore experienced.

Are we the men who are to be the willing instruments of inflicting upon the people of this State what must end in wide spread ruin? Are there no lessons of wisdom in the past?—or must we forget our duty to ourselves, our constituents, and our country, and listen only to the interested representations of those who wish to enrich themselves, though this may seriously cripple or destroy the permanent prosperity of the Commonwealth? Let us show that we are acting for the mass of the people, instead of being the representatives of a few stock jobbers and bankers, scattered throughout the State. Let us feel the responsibility of our position, and that the powers conferred upon us by the people should not be wielded for their injury. Let us be true to those who sent us here, relying upon our integrity to do them no evil, if they did not expect us to do them much good.

I have thus, sir, alluded to the causes and results of the paper money system. "Why, then, shall we enlarge its boundaries, and increase its power in Pennsylvania? What a glorious epoch it would be for this good old Commonwealth if her Legislature could meet and adjourn without chartering a single bank!

"Before the establishment of banks in the interior," say a committee of the Senate of Pennsylvania in 1821, (of which committee that stern Democrat, Condy Raguet, was chairman), in their report on the renewal of bank charters, "the farmer, who possessed credit and character, experienced little difficulty in borrowing on his simple bond, for one or more years—a sum which it was thought could be prudently loaned to him. Embarrassments and failures, in those days, were scarcely known among our husbandmen, and society moved on by a regular sure, and happy march. In our cities, on the contrary, where loans have been chiefly made by incorporated banks, we have seen a continued succession of bankruptcies, and had it not been for the practice so universally prevalent among merchants of securing the banks for the sake of indorsers, banking long since would have been abandoned as an unprofitable trade."—(Senate Journal 1820–21, page 259.

I may remark in this connexion, sir, that banking institutions are only adapted and designed for trading and commercial communities. The history of this Commonwealth shows most conclusively that rural districts, they have inflicted much more evil upon the community than they have done good. There is not the business which requires the kind of loans and accommodations in thinly settled and agricultural regions, which banks must give in their legitimate banking operations. Hence they are tempted to loan to those who ought not to borrow, for they have no business in which capital can be employed profitably.—Hence young men and others are tempted to borrow and get their friends to endorse for them to engage in doubtful projects of speculation—and many a bank established in the interior of Pennsylvania under such circumstances has become bankrupt itself, and spread ruin in the whole neighborhood in which it was located; and many a man in affluent circumstances has been turned out of house and home with a helpless and dependent family, because he was so unfortunate as that there should be a banking institution established in the little town in which his lot had been cast. I affirm, sir, that banks do far more harm than good in agricultural sections of the country and among an agricultural people. This is the experience of the past.

"From the adoption of the federal constitution in 1788 down to 1804," says a writer in the Richmond Inquirer, "banks were unknown in Virginia, with the exception of a branch of the old United States bank in Norfolk, about 1799 or 1800. The paper of this bank scarcely found its way into the interior of the country; and it may be truly said, the currency of the country was metallic. Until the year 1798 no people enjoyed more happiness or prosperity than the people of the United States—nor did any country ever flourish more within this space of time. The desk of every agriculturist in Virginia had some gold or silver to spare if he was a prudent industrious man. * * * The currency of the country being specie was widely scattered through the land, and in diversified hands, so that its concentration at any particular point, was impossible, and consequently its removal from the country could not happen to any great extent.

"I know there are many who in order to effect present objects, insist that commerce could not be carried on without the aid of banks. To this I answer, how was commerce carried on before we had banks? Will any body deny there was any commerce in this country at that time? None will be found hardy enough to take this ground, for every intelligent man of forty years, knows that before there were any banks in Virginia, the foreign commerce of the State was greater than it has ever been since, and our citizens far more prosperous. Nor was there the least inconvenience in transmitting money from one point to another through the merchants, whose credit *then* was as good as the credit of the banks now, if not better. Banks have destroyed the credit and confidence which men had in one another.

"No people had more cause to regret than the people of Virginia, but alas, the banks came, and all things became changed. Like the Upas tree they have withered and destroyed the healthful condition of the country, and inflicted on the people political and pecuniary diseases of the most deadly character."

As Pennsylvanians we can clasp the hand of this Virginian and exclaim, "Well said brother!"

Mr Speaker, I have given this subject a most anxious and laborious consideration, and nothing but a high sense of duty to the Democracy of the State, and the principles of the Democratic party, which as Democrats understanding our position we must ever revere, compels me to say, so far as my voice is concerned that, I for one cannot consent to any further increase of the banking capital of the State. I say so with the more reluctance, as there is an application pending from my own county for banking privileges, in which some of my personal and political friends are interested. But as the representatives of the people, sent here to guard their interests, we would be betraying our trust to desert them in their hour of peril.

The celebrated John Randolph, of Roanoke, in the debate on the charter of the National Bank in 1816, to which I have already referred, said most truly, "It was no pleasant to put one's self in array against a great leading interest in the community be they a knot of land speculators paper jobbers or what not, but every man you meet in this House or out of it, with some rare exceptions, which served only to prove the general rule was either a stockholder president cashier, clerk, or door keeper, runner, engraver paper maker or mechanic in some way or other to a bank."

One would suppose that the distinguished gentleman had some time or other in his eventful life been a member of the Legislature of Pennsylvania, judging from the fullness and scope of his experience.

I deem it my duty before I yield the floor to add one word in relation to the growing evil in this country of granting charters and special privileges, for almost every conceivable purpose. Granting bank charters has given a vitiated taste in relation to charters for other purposes. It is the bane of our legislation. It is not legislation for the mass of the people, but legislation to deprive the mass of the people of their just rights, and confer them upon a favored few. It is very appropriately called special legislation—private legislation. By granting charters to an immense number of corporations to carry into effect the common purposes of live you decay from the independence and just importance of the individual citizen and give an advantage to associated wealth in the hands of heartless artificial bodies, whose whole existence depends upon a figment of law, the breath of the law making power. You thus place in this republican country the independent citizen the true representative of your institutions, in a subordinate position in many of the pursuits of life to these artificial soulless persons whose every action and tendency are contrary to the spirit of free institutions, and of a Democratic form of government.

By means of the log rolling system so well understood in legislative tactics, the special stock jobbing interests combine and control our legislative action, and sometimes without our even being cognizant of the fact. The third house is frequently stronger than the other two. The power behind the throne is greater than the throne itself. There are evidences of a combination now on the subject of chartering the host of banks, for which purpose we are especially assembled at this time by a special order of the day—and it is a forgone conclusion sir that all