

# THE COLUMBIA DEMOCRAT.

"I have sworn upon the Altar of God, eternal hostility to every form of Tyranny over the Mind of Man."—Thomas Jefferson.

PRINTED AND PUBLISHED BY JOHN S. INGRAM.

Volume I.

BLOOMSBURG, COLUMBIA COUNTY, PA. SATURDAY, DECEMBER 16, 1837.

Number 34.

## Governor's Message.

To the Senate and House of Representatives of the Commonwealth of Pennsylvania:

### FELLOW-CITIZENS:

In commencing to the Legislature the general condition of the Commonwealth during the past year, it is my grateful duty to acknowledge, that throughout all its changes, the wise guardianship of a merciful Providence has been visibly extended over us as a people. The design of man's short sighted but boasted wisdom have sown distrust and ruin wide over the land; but in Pennsylvania the restraining care of the Ruler of nations has still been at hand to mitigate the evil. While want of confidence and of employment, and a consequent general stagnation of business, were prostrating the energies of the Union, our crops grew and were stored in abundance—our citizens were generally employed and remunerated for their labor—our enterprises, public and private, if not quite so successful as was anticipated, have neither failed entirely nor materially retrograded and good order, health and happiness, have blessed the state. The evils under which others groined fell lightly on us, and have, it is hoped, already accomplished their worst. Our gratitude should therefore be deep and publicly acknowledged.

In performing the duty now before me, it would be criminal to treat lightly, or even for a moment postpone the subject which absorbs the attention of all. With the public mind sensitively aroused to it, the proper treatment of any matter becomes extremely difficult. But when the delicate subject of the currency is the one thus circumstanced, the difficulty is greatly enhanced. Still a sincere desire and a firm determination, to consult alone the good of the country, will lead the patriot through every difficulty and enable him to accomplish such that at first sight appeared hopeless. In this spirit permit me to invoke the co-operation of the Legislature in devising and adopting whatever may be found within the province of our power for the relief of the community.

The distinctive characteristic of the present century is an enlarged degree of civil liberty, coupled with a liberal and all-pursuing commerce. In the early and less civilized ages, man subsisted on the products of the chase—the flock and herd—or the ground he and his dwelling, and required little intercourse with his neighbor. A later race next spring up, who, spurning the peaceful and obscure avocations of their ancestors, made the sword and the bow yield the means of gratifying their new and increasing wants, in the midst of whose incursions, the thrift of the merchant was little understood, or pursued with great danger and precarious profit. To curb their lawless career in the course of time, strong and absolute governments were established, whose arbitrary decrees and edicts though they compelled peace and partially protected property, had also the effect of repressing liberty and crippling commerce. These inseparable companions in man's history at length burst their bonds and now, in whatever part of the earth a nation is found free, its commerce is found to prosper in the same proportion.

The first offspring of commerce, thus produced by liberty, is a general circulating medium, or currency; and the best proof of the prosperity of commerce and perfection of liberty, are the soundness and uniformity of that currency. In fact it is almost impossible to conceive of a people sufficiently advanced to regulate their own affairs, consistently commercial in their habits and united in other respects yet so blind to their best interests as to neglect the uniform regulation and soundness of that on which their commercial prosperity depends. A sound uniform currency will therefore be the first commercial effect of a free people.

By commerce is meant, not that mere importation of foreign and exportation of domestic goods which is carried on in separate towns, but the general disposal of articles of all kinds, whether the produce of the chase, the field, the forest, the mine or the factory, by those who have more than they need, to those who require them, wherever transported. And by currency is intended that circulating private or public which each receives in return for the articles sold and which will procure him an equal amount of value of others that he may wish to purchase. It is sound when it is either composed of the precious metals or of paper, actually representing an equivalent amount of specie, or of property constantly convertible into specie, some where deposited for its instant redemption; and it is *uniform* when it is taken in an equal ratio in every part of the country through which it is intended to circulate.

Such a currency, the want of which was one of the greatest difficulties of the revolution, was among the first cares of the political fathers of our liberated and commercial Union.

A national paper currency was by them created with the consent of Washington, after a full examination of the fears of its opponents and of the wants of the country. Gradually and effectually it performed its office till the question of its continuance was again brought round in the course of years—again it was opposed, and was for a time discussed with; but again the wants of a lightened and equal commerce overcame the scruples of Madison—and once more the business of the country found a sure reliance. Here it might be supposed that doubt and experimenting would have ended. Here it might be hoped that the acts of an enlightened and as pure patriotism as ever graced the history of any nation might acquire the force of precedent, and settle the vexed question in favor of the wants of the people and in opposition to fears which two long and full trials had not realized. But no. The doctrine that every man's understanding of the constitution, was the constitution, and that no precedent however safe in its experience, or authority of names however venerated by the country, not even the decision of the supreme court of the nation, were to avail any thing, was broached.—Political doctors arose whose grand object was to save the people from the power of their own constituted agents, and from the influence of a line created by their own hands for their own convenience. They found the country healthy and prosperous in all its relations, and needing only a wholesome restriction on the exuberance of its vigor. To make occasion for the exercise of their skill, they graded on the national spirit of adventure into all the wildness of speculation, and when in the height, they checked at once its course and

paralyzed its strength. But now like all other enterprises, though they have produced the disease they cannot or will not apply the remedy.

Never was there a country with a sounder and more uniform currency than ours, when, from what motive it is now useless to inquire, the first attack was made upon it in 1823. Even the might of that popularity which has formed so singular an era in our history as a people, made slow progress during the first years of the momentous warfare. In this state, so distinguished for her gratitude and devotion to the leader of it if the legislative and executive voice may be taken as an index, public opinion remained true to the common interests so far as the session of 1831-2. And in congress, when arraigned at the bar of the house, by the Executive assertion of danger to the deposits in 1833, the American people by their representatives, declared themselves satisfied with their currency, and with the depositary of their wealth.

But, while the news of this verdict was yet fresh in the mind of the nation, the unauthorized and startling measure of the removal of the deposits was consummated. Since which time a succession of measures, characterized by recklessness, inconsistency, and short-sighted expediency, have followed each other in such rapid succession, as scarcely to allow time to become acquainted with their true character.

The country has been carried through a course of state bank currency—exclusive gold and silver currency, and treasury note currency, which has only in their name for so much new national debt, all gold and silver, the only legal tender, and the true constitutional basis of all currency, have a turgidly ceased to be used as money, and are now bought and sold as an article of merchandise in the market.

Upon Pennsylvania, as was before remarked, the evil of tampering with the currency, has fallen comparatively lightly. This is owing to various causes. The general prosperity of business, and the full prices for all kind of produce and articles, which prevailed for the last four years, had just disencumbered the farms and industry of the state of the debts entailed on them by the reverse that followed in 1814, and left both in the best possible condition to bear a change. The debts to the banks particularly, were either much diminished, or generally of a temporary kind, incurred for mere present accommodation.

The ruinous spirit of speculation, owing to the more cautious habits of our fellow citizens, had not made such progress in this state, as in some other portions of the Union.—Though it had spread alarmingly during the few past years, yet the amount of engagements made under its unholy promptings was not such as materially to effect our business transactions. The hurricane which has swept over the land has it is hoped, purified our business atmosphere of this infectious disease. The accident recently has been, for the present at least, though more severe than even the sternest patriotism could describe.

The completion and operations of a large portion of the public works and other means of internal communication, had added much to the real capital, and had invigorated the useful and sure enterprise of the state, by affording a market to the rich and invaluable products of the soil, and by conferring on our citizens the certain profits of a large carrying trade in almost every quarter of the Commonwealth.

The law of 1823, prohibiting the circulation of Bank notes under five dollars, had placed our currency on a firm basis, by restraining the increase of paper circulation, and by increasing the proportion of specie in the hands of the community and in the Banks.

The continued peace and operations of the bank of the United States, also gave to the other State banks, a solid and generally a sound foundation, and a credit that was a truly beneficial. The state also owed much to the solid character of the banking institutions generally, and to the safe and prudent manner in which they had for years and years conducted their business with others.

The nature of the mercantile business of our commercial metropolis was of a fewer kind than that of some of the other seaboard cities. Her citizens generally resided in the agricultural regions of the year, whose interests, not being so entirely connected with foreign nations, were not so materially affected by the derangement of trade as were those dependent on the Southern cotton, tobacco, and sugar plantations. Her claims on other states have been therefore generally secured, and the effect on her credit and that of her institutions, has been salutary in proportion.

Neither must the steady character of the dealing portion of our community be overlooked. The prudent, though enlarged views and solid operations of the merchants, and the substantial manner in which the manufacturers maintained their credit and operations throughout the reverse, are worthy of all praise. Sustained as they were by the steadfast habits and sure capital of the mechanics and farmers, all have passed the ordeal in a manner at once beneficial and honorable to the state.

But all these advantages would have been of little avail, if during the first panic of the suspension, an alarmed community had sent into congress an excited legislature, whose action then on the subject would only have added to the evil and whose failure to act at all, would have shifted the odium of its continuance to their own heads. From that on which it now so deservedly and plainly rests.

Under this conviction, when strongly urged in May last to convoke the legislature, that measure was declined, and the result has been a still further addition to the advantages which we already possessed in the novel conflict now waging between the interests of "the government" and those of the people. By avoiding that measure we have escaped the utter prostration of the currency by a vast emission of small notes which the legislature would probably have authorized and which would have continued to enfeeble the country long after the present illegal circulation of a similar description shall have disappeared.

We have also avoided the evil of an undue expansion by the banks of their general circulation, which would have undoubtedly followed a law legalizing the suspension, and which has been prevented by the wholesome fear, under which they acted for the last six months.

In declining to convene the Legislature, occasion was taken to appeal to the patriotism of the people

in support of the credit of the state and her institutions, and to warn the banks against speering on the misfortune of the times, by flooding the country with an increased and depreciated paper circulation. They were at the same time encouraged to hope that if the proper course was pursued, the measure into which they had been compelled by necessity, would, if no undue advantages were taken of it, not be punished as a crime, but treated as a misfortune.

It is now my high gratification to be able to announce to the Legislature, that not only have our fellow-citizens generally amply sustained their old reputation for good faith and obedience in the trying crisis, but that the portion of them connected with the Banks, have realized all that was expected. The report of the Auditor General, when laid before you, will show that there has been a material decrease in the amount of notes in circulation, and an increase of specie since the suspension; Also that the debts due to the Banks have been reduced, which result must have been produced without distress to the community, as no complaints of that kind have been made known; and that private deposits, which are the best evidence of public confidence, have suffered very little diminution.

Returns had been received on yesterday from all the banks in the State except the Northampton Bank, the Lumberman's Bank at Warren, the Honesdale Bank, and the Columbia Bridge company, the whole number in the State being fifty.

Their circulation, specie discounts and deposits, stood as follows in the beginning of May and November 1837.

	May.	November.
Circulation,	21,063,543	65,164,539
Specie,	4,391,672	6,906,510
Discounts,	86,467,613	43,694,755
Deposits,	12,491,068	15,119,362

Hence it appears that there has been a decrease of circulation, to the amount of \$4,899,063.84, or near one fourth, since the suspension—of discounts to the amount of \$16,164,858.43—or about one fifth, and of deposits to the amount of \$557,728.94, or about one-twentieth—and that specie has increased more than one-half, or \$2,515,438.55. The returns yet to be received will not materially vary the result.

It thus appears that the banks of Pennsylvania are in a much sounder condition than before the suspension; and that the resumption of specie payments—so far as it depends on their situation and resources may take place at any time.

But we must not rest content with the contemplation of this gratifying state of things. Though a favorable combination of circumstances has for the present guarded us from the extent of injury to which the occurrences of the past year exposed the Commonwealth, it is not the part of prudence again to rely on a similar escape from danger. Our duty is, if possible, to prevent its recurrence.

The Banks have well sustained themselves through the crisis; but the Bank system that could admit of such a crisis, must be defective.

The fact that a general suspension of payment in gold and silver has taken place, without producing a general forfeiture of the charters, though it was the evident intention of the Legislature to prevent or punish such a catastrophe by that penalty, neither justifies the suspension, nor proves that the penalty is unjust. It only shows that a crisis has arisen not foreseen by the Legislature of 1824, in which the infliction of the penalty would be productive of more evil to the community than a continuance of the suspension. It is a remarkable instance of the virtual repeal of a general law of the land by the expressive, but silent action of public necessity, by which even the fierceness of party zeal has been restrained. Of the votes polled at the late general election, a small majority were by a party one of whose professed principles was opposition to Banks. It is a fair supposition that this majority held since the suspension, the same proportion of the bank notes of the State. It was therefore in their power to have closed up and forfeited the charter of every bank in the Commonwealth except perhaps two or three. They have not done so, and the reason is, that *their own*, and the public interest would have thereby suffered. The public agents, both Legislative and Executive, are therefore bound to act on this plain intimation of the public wish. And this construction the Legislature are the most compelled to respect, inasmuch as by the 19th article of the act of 25th of March, 1824, no forfeiture can take place for mere suspension except at the desire and by the action of the people who are the note holders.

But though the Legislature may thus be restrained by existing rights, from constructing a banking system entirely in the new, yet it is their duty to take such measures for the protection of the future, as the nature of the case demands and will admit.

The great object of a reform in the banking system should be effectually to curb the power to do evil, without interfering with the capacity to promote the common good. To accomplish this desirable end, I would recommend the incorporation of the following provisions, or of others calculated to produce the same results, in all future Bank laws, and their instant application, so far as chartered rights and the faith of the State will allow, to the Banks now in existence:

1. That the profits or dividend payable to the stockholders, be forever restricted to 7 per cent. per annum on the capital actually paid in.

2. That the notes in circulation be still further reduced, in proportion to the amount of capital stock paid in. It may, by the present laws be double that amount.

3. That wherever the specie of any Bank shall fall below a fixed proportion to the notes in circulation, all increase of circulation shall be strictly prohibited and summarily punished, until the proportion required by law shall be restored.

4. That no loan shall be made to any broker or other person engaged in dealing in money, notes, bills, or other evidences of debt, until persons engaged in other business, and presenting equal security, shall be first accommodated; nor any loan be made on pledge of stock, nor on any other security, except that which is usually demanded. And that loans to Directors, directly or indirectly, shall be placed under similar restrictions with those to brokers.

5. That the amount of loans to any individual or firm, whether as drawer or endorser, or both, shall not be permitted to exceed a certain sum fixed by law, except with the consent of three-fourths of the Directors.

6. That the excess of annual profit beyond 6 per cent. shall be invested by the officers of each bank, in such manner as shall be approved by the State Treasurer, until it reach a certain amount to be fixed by law, in proportion to the capital paid in, as a separate fund to secure the safety of the bank, and to redeem its notes in case of accident. The fund to be under the direction of the Stockholders, who shall be permitted, after its completion, to receive all the earnings of the Bank, until they shall be reimbursed for such portions of the dividends between 6 and 7 per cent. as were therein invested. But after they shall have been thus repaid, all excess of dividend over 7 per cent. shall be periodically paid into the State Treasury for the use of the Commonwealth, together with the fund itself, at the expiration of the charter and discontinuance of the Bank.

That every Bank in the State shall be compelled to keep its notes at par in Harrisburg, Philadelphia and Pittsburgh, the one the capital, and the others the great commercial emporiums of the Commonwealth, or be summarily liable to the holder for any discount incurred.

That a law be passed fixing a period, not more distant than three, four, or five years from the present, for the expulsion from circulation of all notes of a lower denomination than ten dollars.

That the President and Directors for the year during which a suspension of specie payments shall occur in any Bank, shall be individually liable for its notes, and for all other claims against it.

That hereafter no bonus or price shall be paid to the State by any Bank for a charter or recharter, other than the excess over 7 per cent. of its annual profits as above mentioned; and that all new stock shall be sold by auction, the excess above par value to be the property of the State, but to be invested in the fund above described till the expiration of the charter.

And finally, that no bank be allowed to go into operation until one third of its stock shall have been actually paid in.

These improvements of the system, I have little doubt, would be effectual.

A limit to the private profits of banking has become manifestly necessary, to protect society against the danger and evils springing from the desire to realize large dividends; but it should be accomplished in such a manner as to strengthen and not weaken the banks, because the public good is involved in their soundness. It is to produce this double result, that a profit, beyond a reasonable sum, is recommended to be retained for the public use; but that, instead of being taken at once into the public coffers, it should be invested, with the consent of an officer elected by the Legislature, in such manner as shall promote the best interests of society, by infusing additional soundness and health into the currency. To prevent misconception, it is proper to state that no intention is entertained of erecting a safety fund system, by which all the banks of the State shall be involved in one common doom, to be inflicted at any moment by legislative or executive authority. The object is broadly this to prevent

injury to the community, by restraining the profits of the stockholders; and to benefit both the community and the stockholders, by permanently investing the excess of profits of each bank, in a separate fund, for its own support and protection; and without governmental control or interference of any kind.

The restrictions of circulation to any amount bearing a just and a safe proportion to capital paid in, and to specie, and the presence in each bank of a permanent fund (which should be considerable) to guarantee the safety of the bank's creditors, would at all times merit and obtain unlimited public confidence for the bank.

The limitation of the profits of the stockholders with the increased responsibility of directors would both remove the temptation to undue speculation for the sake of obtaining large dividends, and the consequent danger of the banks being compelled ever to refuse redemption in specie. It would also most effectually check the increase of banks beyond the actual wants of trade, so that there would be little risk ever after in creating any bank whose stock could be subscribed and paid in.

The regulation to keep all the bank notes of the State at par, at certain points, would give a uniformity to our currency over the State—and a State soundness and character to it, over the Union, which would be beneficial and desirable in every respect.

The keeping of all the notes of the State at par all over the State, and the prevention of loans to mere dealers in money, whether as brokers or directors, would go far towards the abolition of paper shaving, and have the effect of securing bank accommodations for the useful man of business. This desirable result would also be aided by limiting the amount of loans attainable by each person, and by discountenancing loans on pledge of stock.

The disuse of all notes under \$10 would still further widen the specie basis, and increase the soundness of the paper system. Now is the time to take means to accomplish it, even in the midst of the illegal small notes and general depreciation of the day. The banks have generally diminished their circulation. The decrease consists proportionably, and in some instances mainly, of a withdrawal of five dollar notes, preparatory to partial resumption. If they be now told that these notes will be discontinued at a period not far distant, they will take measures on the resumption of specie payment, and of their usual amount of business, to throw an increased quantity of ten dollar notes into circulation. Thus the change can take place with little shock to the community or less to the banks.

To extricate the commerce and currency of the country from its present difficulties, little is in the power of the State legislation, and therefore little is required to be done.

The general resumption of specie payments, even though, left to the unaided enterprise of the American people cannot be far distant. All the signs of the times indicate it. The premium on specie, though recently fluctuating on account of the greater demand of this season of the year, has fallen regularly and considerably. The general business of the country, is fast recovering its healthy tone, though far short of the usual amount. The prices of land and of produce and all other articles, have neither decreased nor experienced that sudden rise which betokens a great want of confidence in the ultimate soundness of the currency. The notes of the banks much decreased in amount have lost the greater part of their distant circulation, and are now generally clustered around the institution whence they issued, in the hands of its friends, and are held with perfect confidence. The only obstacle in the way, is the remaining debt to Europe, for articles bought on credit by the importing merchants of the Union. It is well however soon be removed. The crop of another year would completely clear it off, even if the resumption of the usual business intercourse, were made to depend on its previous and full discharge. But such is not, or will not be the case. Europe and particularly Great Britain cannot well afford to be deprived of the custom of the American merchants for another year. Means will be found to arrange the gradual payment of the small balance yet due, without loss to one party or inconvenience to the other. And then usual trade will be resumed. To the production of this desirable result, which will be the signal for the resumption of specie payments, the increased soundness of the banks of this State, and the noble and patriotic efforts made by the merchants of the north, and the planters of the south, to meet their engagements by purchasing specie at any price, and by shipping their cotton and other articles, to pay their debts, and redeem the honor of the country, will, as they should, greatly contribute.

The great object of a reform in the banking system should be effectually to curb the power to do evil, without interfering with the capacity to promote the common good. To accomplish this desirable end, I would recommend the incorporation of the following provisions, or of others calculated to produce the same results, in all future Bank laws, and their instant application, so far as chartered rights and the faith of the State will allow, to the Banks now in existence:

1. That the profits or dividend payable to the stockholders, be forever restricted to 7 per cent. per annum on the capital actually paid in.

2. That the notes in circulation be still further reduced, in proportion to the amount of capital stock paid in. It may, by the present laws be double that amount.

3. That wherever the specie of any Bank shall fall below a fixed proportion to the notes in circulation, all increase of circulation shall be strictly prohibited and summarily punished, until the proportion required by law shall be restored.

4. That no loan shall be made to any broker or other person engaged in dealing in money, notes, bills, or other evidences of debt, until persons engaged in other business, and presenting equal security, shall be first accommodated; nor any loan be made on pledge of stock, nor on any other security, except that which is usually demanded. And that loans to Directors, directly or indirectly, shall be placed under similar restrictions with those to brokers.

5. That the amount of loans to any individual or firm, whether as drawer or endorser, or both, shall not be permitted to exceed a certain sum fixed by law, except with the consent of three-fourths of the Directors.

6. That the excess of annual profit beyond 6 per cent. shall be invested by the officers of each bank, in such manner as shall be approved by the State Treasurer, until it reach a certain amount to be fixed by law, in proportion to the capital paid in, as a separate fund to secure the safety of the bank, and to redeem its notes in case of accident. The fund to be under the direction of the Stockholders, who shall be permitted, after its completion, to receive all the earnings of the Bank, until they shall be reimbursed for such portions of the dividends between 6 and 7 per cent. as were therein invested. But after they shall have been thus repaid, all excess of dividend over 7 per cent. shall be periodically paid into the State Treasury for the use of the Commonwealth, together with the fund itself, at the expiration of the charter and discontinuance of the Bank.

That every Bank in the State shall be compelled to keep its notes at par in Harrisburg, Philadelphia and Pittsburgh, the one the capital, and the others the great commercial emporiums of the Commonwealth, or be summarily liable to the holder for any discount incurred.

That a law be passed fixing a period, not more distant than three, four, or five years from the present, for the expulsion from circulation of all notes of a lower denomination than ten dollars.

That the President and Directors for the year during which a suspension of specie payments shall occur in any Bank, shall be individually liable for its notes, and for all other claims against it.

That hereafter no bonus or price shall be paid to the State by any Bank for a charter or recharter, other than the excess over 7 per cent. of its annual profits as above mentioned; and that all new stock shall be sold by auction, the excess above par value to be the property of the State, but to be invested in the fund above described till the expiration of the charter.

And finally, that no bank be allowed to go into operation until one third of its stock shall have been actually paid in.

These improvements of the system, I have little doubt, would be effectual.

A limit to the private profits of banking has become manifestly necessary, to protect society against the danger and evils springing from the desire to realize large dividends; but it should be accomplished in such a manner as to strengthen and not weaken the banks, because the public good is involved in their soundness. It is to produce this double result, that a profit, beyond a reasonable sum, is recommended to be retained for the public use; but that, instead of being taken at once into the public coffers, it should be invested, with the consent of an officer elected by the Legislature, in such manner as shall promote the best interests of society, by infusing additional soundness and health into the currency. To prevent misconception, it is proper to state that no intention is entertained of erecting a safety fund system, by which all the banks of the State shall be involved in one common doom, to be inflicted at any moment by legislative or executive authority. The object is broadly this to prevent

injury to the community, by restraining the profits of the stockholders; and to benefit both the community and the stockholders, by permanently investing the excess of profits of each bank, in a separate fund, for its own support and protection; and without governmental control or interference of any kind.

The restrictions of circulation to any amount bearing a just and a safe proportion to capital paid in, and to specie, and the presence in each bank of a permanent fund (which should be considerable) to guarantee the safety of the bank's creditors, would at all times merit and obtain unlimited public confidence for the bank.

The limitation of the profits of the stockholders with the increased responsibility of directors would both remove the temptation to undue speculation for the sake of obtaining large dividends, and the consequent danger of the banks being compelled ever to refuse redemption in specie. It would also most effectually check the increase of banks beyond the actual wants of trade, so that there would be little risk ever after in creating any bank whose stock could be subscribed and paid in.

The regulation to keep all the bank notes of the State at par, at certain points, would give a uniformity to our currency over the State—and a State soundness and character to it, over the Union, which would be beneficial and desirable in every respect.

The keeping of all the notes of the State at par all over the State, and the prevention of loans to mere dealers in money, whether as brokers or directors, would go far towards the abolition of paper shaving, and have the effect of securing bank accommodations for the useful man of business. This desirable result would also be aided by limiting the amount of loans attainable by each person, and by discountenancing loans on pledge of stock.

The disuse of all notes under \$10 would still further widen the specie basis, and increase the soundness of the paper system. Now is the time to take means to accomplish it, even in the midst of the illegal small notes and general depreciation of the day. The banks have generally diminished their circulation. The decrease consists proportionably, and in some instances mainly, of a withdrawal of five dollar notes, preparatory to partial resumption. If they be now told that these notes will be discontinued at a period not far distant, they will take measures on the resumption of specie payment, and of their usual amount of business, to throw an increased quantity of ten dollar notes into circulation. Thus the change can take place with little shock to the community or less to the banks.

To extricate the commerce and currency of the country from its present difficulties, little is in the power of the State legislation, and therefore little is required to be done.

The general resumption of specie payments, even though, left to the unaided enterprise of the American people cannot be far distant. All the signs of the times indicate it. The premium on specie, though recently fluctuating on account of the greater demand of this season of the year, has fallen regularly and considerably. The general business of the country, is fast recovering its healthy tone, though far short of the usual amount. The prices of land and of produce and all other articles, have neither decreased nor experienced that sudden rise which betokens a great want of confidence in the ultimate soundness of the currency. The notes of the banks much decreased in amount have lost the greater part of their distant circulation, and are now generally clustered around the institution whence they issued, in the hands of its friends, and are held with perfect confidence. The only obstacle in the way, is the remaining debt to Europe, for articles bought on credit by the importing merchants of the Union. It is well however soon be removed. The crop of another year would completely clear it off, even if the resumption of the usual business intercourse, were made to depend on its previous and full discharge. But such is not, or will not be the case. Europe and particularly Great Britain cannot well afford to be deprived of the custom of the American merchants for another year. Means will be found to arrange the gradual payment of the small balance yet due, without loss to one party or inconvenience to the other. And then usual trade will be resumed. To the production of this desirable result, which will be the signal for the resumption of specie payments, the increased soundness of the banks of this State, and the noble and patriotic efforts made by the merchants of the north, and the planters of the south, to meet their engagements by purchasing specie at any price, and by shipping their cotton and other articles, to pay their debts, and redeem the honor of the country, will, as they should, greatly contribute.

The great object of a reform in the banking system should be effectually to curb the power to do evil, without interfering with the capacity to promote the common good. To accomplish this desirable end, I would recommend the incorporation of the following provisions, or of others calculated to produce the same results, in all future Bank laws, and their instant application, so far as chartered rights and the faith of the State will allow, to the Banks now in existence:

1. That the profits or dividend payable to the stockholders, be forever restricted to 7 per cent. per annum on the capital actually paid in.

2. That the notes in circulation be still further reduced, in proportion to the amount of capital stock paid in. It may, by the present laws be double that amount.

3. That wherever the specie of any Bank shall fall below a fixed proportion to the notes in circulation, all increase of circulation shall be strictly prohibited and summarily punished, until the proportion required by law shall be restored.

4. That no loan shall be made to any broker or other person engaged in dealing in money, notes, bills, or other evidences of debt, until persons engaged in other business, and presenting equal security, shall be first accommodated; nor any loan be made on pledge of stock, nor on any other security, except that which is usually demanded. And that loans to Directors, directly or indirectly, shall be placed under similar restrictions with those to brokers.