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TO THE CITIZENS
OF
COLUMBIANA COUNTY.

The very flattering manner in which my pamphlet of the 4th of March has been received by most men of all political parties, the almost immediate exhaustion of the edition, which was a large one, the repeated calls for more copies which I cannot supply, the misrepresentations which are daily being made upon the subject of banking and bank laws; and more especially the abundant testimony which at all times, particularly of late, has been furnished me, that the great mass of the people if correctly advised of facts will always act for the public good as well as their own, induce me to offer you yet another address connected with the currency, and especially relating to the banking laws of Ohio. From these laws I will give extracts of such parts as are particularly fatal to banking, but they shall be of entire sections or clauses, and contain all the matters of moment upon the subjects referred to, so as to present no garbling of language or misconception of ideas; and so far as I am capable of judging, my comments shall in every case be the fair and only true exposition of the subject matters contained in the extracts.

In my former communication I showed you, among other things,
1st. That the gold and silver coin and bullion, in the State and countries hereafter named, were about as follows, for each person:

In Ohio,	\$1.38
In the United States,	4.68
In France,	18.75
In Great Britain,	33.33

That in the two latter countries, notwithstanding their immense sums of gold and silver, a large amount of bank paper was found convenient and highly useful, for the monied transactions of the people; that in the new States of the Union there was much less of specie than in the old; and that in the whole country the specie contained in it was totally inadequate to the wants of the people for a currency.

2. That there were but four ways of increasing our specie:

1st.—By manufacturing it from our own mines, or from bullion purchased abroad, which cost specie or its equivalent;

2d.—By the bringing in of emigrants;

3d.—By purchase; and

4th.—By borrowing. That more than all the sums manufactured from our mines or brought in by emigrants, was consumed in the mechanic arts; that owing to the interest on our foreign debt and the annual exportation of specie to procure articles of necessity, we could not expect to increase our specie by purchase for many years to come much beyond the increase of population; and that by borrowing specie

*Harmer Stansfield, of Leeds, England, an eminent banker, estimates from given data, the monied transactions of London at three thousand millions of pounds sterling per annum, and of the remaining portions of the Kingdom at as much more, or thirty thousand millions of dollars in all, while the gold and silver which he calls "petty cash," actually used in these transactions do not exceed one hundred and fifty millions of dollars, or one two hundredth part of the whole. Paper forms the great balance, while the remainder of the immense sums of gold and silver of the Kingdom are locked up in the vaults of the banks or in the coffers of the rich.

Owing to the tariff act of 1842, the balance of trade from being heavily a gainst us has been changed to our favor. Last year it was for us a million and six or seven hundred thousand dollars, the present year it is much greater.—This balance has been in part applied to the purchase of specie, while large sums have been sent to the country, by English capitalists, to invest in stocks. This will account for the large importations of specie amounting to a fraction over twelve millions of dollars since the first of January. But should specie continue thus to flow for the next quarter of a century, a matter altogether improbable, and the customary consumptions and exportations continue, and a like increase of population, we should not even then have specie enough for the wants of the people for a currency.

The tariff has had this other effect—Owing mostly to the competition produced by its protection, among our manufacturers, instead of raising prices, it has

from abroad to increase our currency, would, in the end, impoverish us by the payment of interest, and ruin the country!

I also showed you, that while New York, Massachusetts, Connecticut, New Hampshire and Rhode Island, with an entire population of but 3,037,001, had 367 banks, Ohio with a population of 1,519,467, had but ten banks—that the currency of Massachusetts had decreased but about 27 per cent. in six years, while that of Ohio had been forced down more than five hundred per cent. in the same time; and that these were the great causes why money was abundant at the East and distressingly scarce among us!

And from all these and other facts, I drew the inference, irresistible to all well informed unprejudiced minds, that banks were necessary for the prosperity of the State; that we could not reasonably expect for many years to come, to change our pecuniary relations from depression to prosperity, much further than to enable us to increase our specie with the increase of our population, and that the doctrine that specie would flow into the country to take the place of paper on its rejection from circulation as a currency, was fallacious in principle, false in fact, and a gull trap to catch the votes of the credulous and unsuspecting! I declared to you that owing to the convenience and trouble of counting specie; the expense, difficulty, and danger of transporting it from place to place; and for other reasons; a paper currency based upon specie, redeemable at all times with it, and good and current all over the country, would be worth more as a currency only, than gold and silver, and under our circumstances was indispensable to the prosperity of the country—that under the then existing laws of Ohio, no man capable of acting with prudence would ever act under them; and that some of these laws were made with the full, but covert intent, of destroying banking in Ohio.

And now, fellow citizens, let me ask you if in fourteen years experiment you have approached any nearer the golden era promised, "when the yellow boys should flow up the Mississippi, line your pockets with gleaming gold, and shine like carbuncles through your silken purses!" Or, has the prediction and promise been to you like the will-o-the-wisp, always inviting, but fleeing your approach?

OF THE BANK LAWS OF OHIO.

I will now show that these laws prohibit banking, and that such was the intention of the makers!

And 1st.—Extracts from Latham's Law, so called, passed March 7, 1842, with accompanying remarks. See page 39, Ohio Laws, vol XL*

"Section 1. Be it enacted by the General Assembly of the State of Ohio, That all companies or associations of persons desiring to engage in and carry on the business of banking within this State which may hereafter be incorporated, shall be subject to the rules, regulations, limitations, conditions and provisions contained in this act, and such other acts to regulate banking as are now in force or may hereafter be enacted in this State."

Here, then, at the very commencement, is a distinct and full reservation reduced the price upon most articles of merchandise about one third.

Many of our ultra men not only oppose banks, but are equally clamorous for free trade. Let us see what kind of free trade we are permitted to have with Europe. From the reports and tables before me, I find that in 1841, we imported into the country goods, &c. valued at \$127,916,177, on which we levied duties to the amount of only \$14,487,000 and a fraction, or about 11 1/2 per cent; while our exportations to Europe during the same period and amounting to about ninety one millions of dollars, paid duties to the different European governments; of one hundred and thirteen and a half millions of dollars, or about 12 1/2 per cent; about eleven times so much as the duties levied by this country upon a like value of imports!

The average value of that portion of the tobacco crop exported in 1839 and '40, was \$9,225,045, which in England, France, and Holland mostly, paid a duty of \$32,453,540

God save the country from any freer trade than this on our part.

In 1841 the entire amount of exports from this country to Great Britain and all its dependencies in the four quarters of the globe, was \$57,869,146, while the small State of Massachusetts, as shown by Legislative report, purchased the last year of her sister States, to the amount of \$42,600,000. The markets of Massachusetts and Rhode Island take more value of the productions of the other States of this Union, than the entire market of Great Britain and all its dependencies. Why then not encourage domestic industry, especially when you secure by it a good market for your own productions?

*The volumes of Statutes to which I refer may be found with the Township Clerks, Justices, &c. in the several townships; and if any person claims that my quotations and inferences are not true, search the proper act and they will be verified.

for any future legislature, at any time, upon any excitement, and for any purpose, justifiable or not, to amend or change the whole law upon banking, or any of its provisions, so as to render the banks useless to the people, and the stocks not only valueless but ruinous to the holder! The door is left wide open for still more enormous taxes than are now provided; liabilities, forfeitures and penalties to which no man of ordinary capacity will subject his money or his self for a moment. Who would place money in bank, if one legislature could levy a ruinous tax, another reduce the amount of interest, and a third repeal the charter, or enact such laws as would work a forfeiture of the stock? Money is, in this country, from its scarcity, considered more valuable than any other species of property, and men will not place it in a situation where its value can be disturbed or changed by any experimenting legislature. Suppose the State were to offer its canal lands for sale to be held subject to such restrictions, penalties and payments as might be imposed by future legislatures, who, better than idiots or mad men, would become purchasers?

"Section 4. Every such bank that may be incorporated under this act, before it makes any loans and discounts, or shall be entitled to have registered, as hereinafter provided, any notes or bills for circulation, or issue or pay out of any notes whatever, or commence the business of banking, shall have subscribed and paid in in good faith, the whole amount of its capital as a permanent investment, for the business of banking, and be actually possessed of it as a banking capital, the whole of which shall be in gold and silver coin."

"Sec. 13. It shall not be lawful for any such bank within the provisions of this act, to issue and put in circulation at any one time an amount of notes or bills of such bank, designed, calculated, or intended to circulate as money, greater than the amount of capital stock actually subscribed and paid into and remaining in such bank; and every such bank shall be required to have and keep, in the vaults thereof as the actual property of such bank, an amount of gold or silver coin equal to one dollar for every three dollars of such circulation; and in case it shall so happen that any bank by the redemption of its notes and the payment of its liabilities, in gold or silver coin, shall violate so much of this section as relates to the proportion of its circulation, it shall be unlawful for the directors of such bank from the time such disproportion arises, to discount any note, bill, bond, or other security, or in any manner pay out or put in circulation any of the circulating notes of such bank until the legal proportion of circulation of gold and silver coin shall be regained." The remainder of this section is foreign to the amount of issues.

"Sec. 5. Provides that there shall be bank commissioners to examine the amount of stock actually paid into the bank, and if they shall be satisfied that the bank has complied in good faith with the requisitions of the law, they are to make out duplicate certificates of the compliance." &c.

"Sec. 15. Prohibits to bank officers under the penalty of the penitentiary, the issuing of any of the bills of the bank till numbered and endorsed by the State Register." &c., and

"Sec. 16. Provides for the election of a State Register, and authorizes him on the presentation of one of the duplicate certificates of the bank commissioners to deliver to the bank officers an amount of notes or bills, numbered and endorsed by him, intended for circulation, not greater than the amount certified by the bank commissioner. If he exceed the amount he is to be punished by imprisonment in the penitentiary." The three last sections are referred to for substance, and not set down in their words.

I have not quoted the 4th, 5th and 15th sections by way of objection to their general provisions, unconnected with the 13th and 16th sections. A portion of these provisions I would retain, subject to amendment; but I have given them in connection with the two latter sections to show what extraordinary checks and guards the legislature have established to prevent the issue by banks of more paper than the amount of capital paid.

It will here be observed, that by the 4th section the whole amount of the capital stock of a bank must be paid in gold and silver coin, before any issues can be had; and by the 13th section the amount of bills to be issued by a bank shall never exceed the amount of capital paid; that is, dollar for dollar; so that a bank with a capital of one hundred thousand dollars, and the whole amount in specie in its vaults, can never issue over one hundred thousand dollars of its bills!—and to render the result doubly certain, bank commissioners are to examine and certify, and the doors of the penitentiary are thrown wide open to receive the State Register and bank officers if they exceed in issues the amount of payment certified!

It has been supposed by some that there was a discrepancy between the first and second clauses of the 13th section of Latham's act; while a few others have contended that under that act a bank might issue three dollars in paper

for every dollar of its capital. Both opinions are equally erroneous. The bank issues as shown can never exceed the amount of capital actually paid, but they may sometimes equal three to one of specie in bank. The following would be a case in point. If a bank at its commencement possessing a specie capital of one hundred thousand dollars, were to loan an equal amount of its paper as authorized by the law referred to, and three fourths of the latter were to be returned and specie drawn to the amount leaving but twenty five thousand dollars in bank, the latter might re-issue fifty thousand dollars of the returned paper, making its outstanding issues or circulation seventy five thousand dollars, or three dollars in paper to one of specie then in vault. But it never could exceed three to one at the time of issue, and if the specie were to be increased to any amount, no greater issues than a hundred thousand dollars could ever be made; and whoever claims a different construction in relation to the amount of issues mistakes the law, or is dishonest in purpose.

Now, fellow citizens, would it not be a most magnificent speculation for a company to collect a hundred thousand dollars, or other sum, in gold and silver, at immense labor and heavy expense, for the glorious privilege of loaning a like amount of its own paper at six per cent, subject to a squeeze of not more than two or three per cent in taxes and other expenditures at present, and the tender consciences of future legislatures to be added, with the privilege of the penitentiary to boot! Who bids for stock?

Sec. 23, last clause. "And if any bank shall become insolvent or be found to have been within six calendar months after any transfer of stock, such transfer shall be deemed and taken to be fraudulent, and the person making it shall be held liable as a stockholder of such bank, in the same manner and to the same extent as if no such transfer had been made."

Sec. 25 provides for the individual responsibility of all the stockholders; but this section has been repealed by Bartley's amendatory act, passed February 21st, 1843, the 5th section of which so far as to fix the individual liability of all stockholders reads as follows:

"Sec. 5. The stockholders of such bank shall be severally liable in their individual capacity for each and every valid claim against the bank of which they are stockholders, except in cases where depositors and the bank otherwise agree in relation to the liability of their deposits."

The remaining part of the section among other things, provides for the manner of enforcing the bank and individual liability, which is triple against the former and two fold against the directors and stockholders. A writ of scire facias may be issued and execution awarded at the return term of the writ; or a scire facias may be issued during term and execution ordered before its close. The 6th section of the same amendatory act provides for a judgment against foreign stockholders though not found in the State; and the 11th section gives to the State a lien on all the real estate of the Directors and stockholders of any insolvent bank for the benefit of its creditors.*

The last clause of the 23d section of Latham's act, as well as the 5th and 6th sections of Bartley's amendatory act provides for individual liability with a vengeance! If a bank, good at the time of the assignment of stock, becomes embarrassed in six calendar months thereafter, you are to run back of the time of assignment to hunt up a victim! If there be a failure of a hundred or more thousand dollars, and in some cases where the bank would be good for all its liabilities, the owner of a hundred dollars of stock who might chance to have five or even fifty thousand dollars of property, might be turned upon the world almost or quite a beggar! In many cases the estates of deceased persons would not be settled for years, or if sooner done it would be at enormous sacrifice!

Under the most liberal system of banking, if a bank with a capital of a hundred thousand dollars, loan a thousand for sixty days, the stockholder of a hundred dollars could make but ten cents profit; and who ought under any contingency which might happen, for the pitiful sum of ten cents, to become liable for a thousand dollars! The subscriber places in bank a given amount of money, while his stock in bank and all other stock and property belonging to the bank, whether in specie, bank bills, bills of exchange common deposits, real estate and debts due the bank, stand pledged for the payment of all the bank liabilities, before

*The term insolvent is used arbitrarily in the bank laws, and not to denote that the assets of the banks are insufficient to pay its liabilities. If for any cause the officers of a bank neglect or refuse to redeem a single bill, upon presentation for payment, or a small loss accrue in the capital, the law pronounces the bank insolvent, notwithstanding its available assets are twice the amount of liabilities. The charter is declared forfeited, and the law rather forces a scramble between the bank commissioner and creditors for a division of the spoils!

the stockholder can receive one cent on his stock; and these liabilities of a well regulated bank would seldom or never exceed the half of the bank funds. By individual responsibility the stockholder of a hundred dollars in a bank of half a million, where the circulation or other indebtedness amount to that sum, becomes liable to five thousand times the amount of his stock, and the discrepancy between his interest and liability is thus shown to be enormous!

It would work injustice as between the stockholders. The holder of a single share of stock would be equally bound with him who owned a hundred, while the latter might have his all in bank and the small stockholders be compelled to make up any deficiency. As the discovery of the law hampage was left to the mighty intellect of a philosopher and statesman of our own time, so has the discovery of individual liability in corporations been left to honor Ohio forever, through her notable patriots, a Byington, a Bartley, a McNulty, and a score of others! The State and these patriots are entitled to the sole honor, for it is confidently believed that no incorporated company in the world is banking under an individual liability clause approximating to that of Ohio! The individual liability upon bank stock owners anywhere else in the United States, so far as I can learn, is that of directors of banks for over issues and frauds.

As to the amount of profit. I am no banker, and have attempted no estimate of the precise amount of profit which can be made by a bank under existing laws, but the amount must be extremely limited, and no inducement to people to engage in banking. I am, however, informed, on authority deemed unquestionable, that the commissioners appointed last winter to organize the only bank I believe applied for under Latham's act, have held meetings, appointed skillful committees to investigate, and upon full examination came unanimously to the conclusion that not more than three per cent. profit per annum could be made, while there might be danger of losing the whole stock, depending upon the acts of future legislatures.

Here, then, are a few of the many objections to the bank laws of Ohio.

1. They may be altered at the will or caprice of any legislature, so as to injure or totally destroy the value of stocks.
2. They permit no issue of paper greater than the amount of gold and silver paid into bank as capital; that is, only dollar for dollar!
3. Individual stockholders, whatever the amount of their stock, are held liable for all the bank liabilities!
4. The amount of profit which would be made is much less than simple interest, and no inducement to people to engage in banking.

Numerous other objections exist in these laws, some of which are intended to operate directly upon the people as much as upon banks. I will however mention but one. By the 4th section of the act of March 23d, 1840, and now in force, page 13 vol. 38, every individual is prohibited under the penalty of ten dollars for every offence, from taking or paying out any note, bill, &c. of a less denomination than five dollars, issued by any bank, city, borough, county or other corporation out of Ohio; or in other words, not authorized by our laws; and by the 5th and 7th sections, county treasurers and other persons are prohibited from taking for State taxes or other State dues, any note or bill whatever of our own or other banks, of a less denomination than five dollars, under a penalty of one hundred dollars for every offence, that is for each bill of less denomination than five dollars so taken! True, the act has not yet been enforced owing to the scarcity of money on the one hand, and the fears of anti-bank men to prosecute on the other—but let the latter again triumph and prosecutions will be started by wholesale!

I said in my former communication that no banking company would be organized and go into operation under existing laws. I ventured this assertion upon their objectionable features, and the intention of the legislature that banking should be crushed in Ohio! I have subsequently seen Bartley's amendatory act, which proves to be one absurdity added to another! Now, most parts of the State have been heard from, and none of the companies which had charters granted them last winter without asking, have the least intention of acceptance. Capitalists are leaving the State. One of the largest in the Eastern part of Ohio, has left with a large portion of the funds of an expired bank, to swell the capital stock of banks in an adjoining State; others are preparing to leave; and arrangements are now making to carry to other States for banking there, the funds of other expired banks; and it is not now expected neither has it been by any well informed man of any political party in Ohio, that any banking company will organize and go into operation under existing laws; and should you hear of such company depend upon it, it will prove a humpage, intended to wheedle you out of your votes!

Of existing banks the charters of two will expire the present year, five have been placed under Latham's act with

Bartley's amendments, from and after the first of March next, which will drive them to a close of business, and they are now actually preparing for the event, three only will remain; all others have been crushed as with the folds of the lion's constriction!

A specie currency is hopeless in our day; but we must have some currency, and that currency must be in part paper to make up for the want of specie. If we have not a paper currency of our own we must depend upon the bank, borough, city and county paper of other States, over which we can have no control, and of the goodness of which we should, in many cases be totally ignorant. Would such currency be better than one of our own, subject to searching inquiries, powerful to do good, and so guarded as to be almost incapable of injury? That banks can be made as good, safe and useful as other human institutions, I cannot allow myself to doubt for a moment. The bank of England, almost all the banks of New England, New York, Delaware, and most of the other States have answered the highest hopes of their founders, and a bank charter having the checks and guards, proposed in my pamphlet of the 4th of March, and otherwise properly drawn, would be stronger and better qualified to enforce caution, punctuality and safety, than the charter of any existing bank on the globe!—and yet people would bank under it.

Owing to the destruction of banks and the refusal to recharter others thousands have lost or must lose their all, property has depreciated nearly the half, our own citizens cannot purchase to any considerable extent the productions of our soil, except as agents to foreigners; while we lose the advantages of higher prices which would be obtained if we had the means among ourselves to create or swell competition. Business is reviving in almost every place where no war has been waged against the currency. Out of Ohio and some few bankrupt States, we hear of the busy hum of industry, contentment and happiness; and you are tantalized in some of our ultra papers with the story of abundance of money and good times elsewhere. But, fellow citizens, can you live and flourish upon the good fortune of your neighbors, when from you, the mainspring, the sinew of prosperity is withheld! Had the old solvent banks been rechartered, and a few new charters granted upon principles of mutual interest and reciprocity, times might at this moment have progressed as much of prosperity to you as to the people of other States. Were you confined by the walls of a prison, deprived of food while others without were fattening upon luxuries, would you grow fat and sleek from sight, sympathy or hope; or pine and starve for want of nourishment? If even a few crumbs were cast to you through the iron grating, would they restore your lean bodies to vigor, strength and healthiness; or would they just keep your spirits and bodies united? So far as our pecuniary matters are concerned our condition does not vary much from that of the confined prisoner on whom a pittance of crumbs is bestowed! The other States fatten and thrive upon dollars and prosperity, while we grow lean, weak and sickening upon kickers, coppers, and crumbs!

The road to banking in Ohio has been called by the "Editor of the Statesman," the road to the penitentiary! The bank laws and our legislature forcibly remind us of the story of the negro prince, who, suspecting the fidelity of his wife, on account of the errors of one of her numerous sisters, dug around her hut a canal which he filled with water and peopled with crocodiles! He next erected enclosures with strong walls; the one he stocked with lions, hyenas and jackals, the second with serpents, the third he colonized with the gullahs and a variety of the pole cat and then planted his guards to prevent the entrance of suspected persons!

But we are now told that there are to be no more concessions; that power has been granted to the people all of banks that is intended to be given; and that we must have banks under the present law, or not at all! And is this the language which the great head of ultraism in the State holds towards a down trodden and distressed people! and will you or she kneel and bow your knees to the yoke of a master?

Your oppressors are not of themselves great and strong like giants of old; they are not numerous and led by glory like the army of Napoleon; they are not the great body of the people, for the latter always mean to do right; but they are of themselves a small band, with eyes bent upon power, and their stomachs gnawing and their mouths watering for the loaves and fishes! You have ample power at this very time and in this country to cast them down from the high places they have profaned, and erect thereon temples sacred to liberty and human happiness; and you will like patriots and freemen arouse to action, or cower and fawn like squaws in breeches!

You must come to the issue, Bank or no Bank, prosperity or adversity! You cannot evade it! That issue is engraved as with a pen of steel on tables of marble through all the bank acts of

*The gullah is a most loathsome variety of the load. It is said that over bears and serpents never approach it.

Of existing banks the charters of two will expire the present year, five have been placed under Latham's act with